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THE PRICE SITUATION, JANUARY, 1930

FARM PRICES

The general level of farm prices declined still further during December but at a slower rate than in November. On December 15 the index of prices received by producers averaged 135 compared with 136 on November 15, 140 on October 15 and 134 a year ago. Somewhat higher average prices for grains and fruits and vegetables were more than offset by slightly lower prices of other commodities particularly meat animals, dairy products, and cotton and cottonseed. Temporary recoveries occurred during the first and last weeks of December but at the present time the general level of farm prices is probably no higher than it was in December judging from central market price movements. It may average slightly lower in January and February than in December largely as a result of considerably lower prices of butter and seasonally lower prices of eggs, which may more than offset the seasonal advances of other commodities.

THE GENERAL COMMODITY PRICE LEVEL

The general level of commodity prices at wholesale markets declined further in December, reaching the lowest level of the year about the middle of the month, but the decline was at a slower rate than in preceding weeks. A temporary improvement in agricultural prices occurred during the last half of the month but they have been more than offset by recent declines. The present year, therefore, begins with the general commodity price level below that of any month in the past two and a half years. The downward movement in the general commodity price level is likely to continue until there is a recovery in business.

According to the Annalist weekly index of wholesale prices the December average was 141 compared with 142 for November, 146 in October and 148 a year ago. The lower level for December was brought about by lower prices of non-agricultural products particularly textiles and building materials and by lower agricultural prices particularly foods. On December 31 prices of farm products averaged 11 points below last year's level, textile products 17 points and fuels seven points and building materials, after the temporary advance in November, averaged lower in December at three points below last year's prices. Prices of foods, metals, chemicals and miscellaneous commodities after the recent declines averaged about the same as a year ago.

BUSINESS CONDITIONS

The considerable reduction in factory employment and payrolls which has accompanied the reduced rate of industrial activity is being reflected in the prices of certain farm products such as dairy products and cotton. Marketings of these products have in the past few months brought lower money incomes than for the same period last year, and although this is partly due to current supplies it also reflects the curtailed buying power of consumers. Ordinarily the lower production of the 1929-30 season should be selling for prices higher than those of the winter months of 1928. Instead, the present level of prices received by producers is just about equal to those of the same period in the 1928 season.

Reports in the past two weeks indicate a moderate recovery in steel mill operations from the very low levels reached in the last week of December and a slight increase in employment in automobile factories. These should tend to lessen the rate of decline in business activity in general.

So far the business recession of the past six months has been greater than that of the last six months of the downward movement in the recessions of 1927 and 1923. The recession of 1923 was followed by a slight temporary recovery in January and February of 1924 and a continuation of the decline to a low point in July of 1924. On the other hand the recovery which followed the December 1927 low level of activity continued throughout 1928.

The chief tendencies in financial activity that have accompanied the December recession in business conditions are a further increase in the purchases of United States securities by the Federal Reserve Banks; a further export movement of gold; a further decline in commercial interest rates; a reduction in loans for commercial purposes; a reduction in bank investments and an increase in loans on securities, the latter more than offsetting the lower volume of other loans and investments. Industrial stock prices for the month of December averaged practically the same as in November although the movement was downward from the first to the third week and a partial recovery by the first week of this year.

WHEAT

The outlook for cash wheat prices during the remainder of January and February has not changed materially in the past month and the indications are still for some improvement in prices. Cash prices continue to work upward, but slowly. Both the visible supply in the United States and the world visible are declining. Export demand appears to be improving. After February the market is likely to be influenced largely

by weather conditions and prospects for next year's crop. Developments in the stock market may also have some effect on the course of prices independently of weather conditions. Should a strong market develop in February there may be a reaction in March or April affected in part by the prospect of the reopening of the Lakes and the releasing of more Canadian wheat. A moderate rise in February, on the other hand, might not be followed by any marked reaction. Less than normal autumn rainfall in Canada indicates that the Canadian spring wheat crop is not likely to be better than an average crop and autumn rainfall was unsatisfactory for seeding in the northwestern part of the United States. A prospect of heavy winter killing in the United States or in Europe probably would materially strengthen the world markets for wheat in May or June while average or less than average winter kill might result in prices near to or only slightly above the present price level. Stocks at the end of the season, June 30, are likely to remain fairly large in North America and particularly in the United States but the shortage of supplies in the Southern Hemisphere is likely to be a strengthening factor in the June and July markets.

The farm price of winter wheat as of December 1 averaged 106.5 cents, 3 cents above the price of winter wheat on December 1, 1926; the price of durum was 88 cents compared with 72 the previous year; and other spring wheat was 102 as compared with 91 the previous year. These December 1 farm prices, of course, were materially influenced by the decline in November. The average farm price as of December 15 was 108 as compared with 103 cents per bushel in November. The average of the prices of all classes and grades of wheat at six markets increased from 115 cents per bushel for the week ended November 15 to 126 cents for the week ended January 3. There was a sharp rise from the middle of November to the middle of December, followed by a decline which was recovered by the first week in January.

The world's supply situation is unchanged. The amount available, accounted for in all positions, is apparently about 360 million bushels less than for the past season. The visible supply in the United States has been reduced by about 20 million bushels from the peak reached at the end of October, but it is still 40 million bushels above the visible supply as of the corresponding date a year ago. The world visible supply has also passed its peak and it is now somewhat below that of the peak of a year ago.

The foreign demand for our wheat to date has been disappointingly weak. Large crops and early harvests in deficit countries, large exports of old wheat from Argentina materially reduced the takings of wheat from North America in the first half of the season. Some deficit countries will need to buy more during the remainder of the season and they must turn to North America for a good share of their requirements.

Cash prices generally have improved their position relative to futures. The average price for the remainder of the season is likely to be above the average for the season to date. Considering the average for the season to date, however, and the slowness of exports, it now seems necessary to reduce our November estimates of the probable averages for the entire season.

Wheat: Average price per bushel for first six months of season 1929-1930 and estimated average for remainder of season

Kind of wheat	Average of weeks ended July 5- Dec 27, 1929	Average of weeks ended Jan 3, 1930	Probable average prices for remainder of season
	Cents	Cents	Cents
British parcels (to Dec 14)	140	141	145-155
No. 2 hard red winter, Kansas City	122	125	125-130
No. 2 red winter, St. Louis	133	137	137-145
No. 1 dark northern spring, Minneapolis	137	136	140-145
No. 2 amber durum, Minneapolis	126	124	125-135
No. 1 western white, Seattle	125	121	125-130

The prospects for new crops of course will have some influence upon these averages and materially affect the course of prices in the latter part of the season. Heavy winter killing in the United States or Europe would tend to raise these averages, and prospects of normal crops would probably result in prices near the middle of these ranges.

FLAX

Unfavorable yields for flax in the United States, Canada, and Argentina have resulted in a crop 30 per cent less than last year and the highest prices since 1920. The demand for linseed oil in the next few months is not expected to be materially changed, but some slackening in the demand for linseed meal may be expected. The unusually short supplies of flaxseed in the United States are expected to maintain the present level of prices but no further material rise is anticipated.

Flax prices advanced materially during the late summer months and at the beginning of the season on September 1, prices were at a higher level than at the beginning of any season since 1920. The average price of No. 1 flaxseed at Minneapolis during June was $2.48 per bushel; then prices advanced sharply so that the average for September was $3.23 and for October $3.32 per bushel. Since October prices have declined only slightly and averaged $3.22 for December.

This advance in prices was largely due to poor conditions for the growing crop in the United States and Canada and unfavorable planting conditions in Argentina. These unfavorable conditions resulted in a crop of only 18,067,000 bushels in the United States and Canada compared with

22,304,000 bushels in 1928 and 30,732,000 in 1927. Argentine production for 1929-30 is estimated at 55,627,000 bushels compared with 82,791,000 last year and 79,444,000 in 1927. The total supply of flax in these three countries is 31,401,000 bushels or 30 per cent less than last year and the smallest since 1923.

The acreage sown to flaxseed in India for the new 1929-30 season at the time of the first report, which was issued late in December, was 2,258,000 acres or 12.1 per cent below the acreage sown at the same time last year. The total acreage sown last season was 3,124,000 acres.

Production of linseed oil during the year October 1, 1928 - September 30, 1929 almost equaled the record production of 1927-28, and consumption of oil was the greatest for any year on record, so that stocks on October 1 were reduced to the lowest point since October 1, 1925.

The demand for linseed meal during the next few months is not likely to be as great as a year ago. European feed supplies are considerably greater than last year due to the unusually favorable crop of corn and other feed grains so the foreign demand for linseed meal is likely to be lower than last year. Although the supply of feed crops in the United States is somewhat less than last year, prices of dairy products are very low. The amount of linseed meal fed to dairy cows therefore is likely to be less than in the winter of 1928-29.

Linseed oil prices have advanced materially during the past few months and this may result in some substitution of soy bean and other drying oils for linseed oil, but this is not likely to be great enough to affect prices significantly.

The present high level of flaxseed prices is therefore supported by short supplies, and prices are likely to remain at about present levels until prospects for the new crop become a factor in the price situation. Should demand conditions become more favorable than now expected some advance in price might take place from January to May, but prices cannot be expected to advance materially from the present high levels.

RICE

Rice prices in the southern belt continue firm but unchanged since the early December rise. Supply conditions indicate another upward movement in prices beginning the latter part of January or early February. Stocks of rough rice remaining in farmers' hands are considerably below normal and mill stocks and wholesale stocks are reported to be about the same as last year. The well established practice of hand-to-mouth buying in the domestic trade tends to keep wholesalers' stocks relatively low. The December crop estimate places this year's production in the Southern States at 34 million bushels as compared with 35 million for last year, making the season's probable total supply of cleaned rice 993 million pounds this year against 1,058 million last year.

Exports from southern ports during December amounted to about 20 million pounds as compared with 44 million for the same month last year. Exports for the first five months of the crop year, however, were only 20 million pounds less than the 105.5 million total for the corresponding period last year. Porto Rican sales amounted to 58 million pounds from August to January which is less than for the same period last year, but about the same as in 1927.

Prices at San Francisco for California rice of the Japan type have shown considerable strength during the past few weeks owing to the relatively small production. The December estimate of production was six million bushels of rough rice as compared with eight million for 1928-29. In terms of cleaned rice these estimates are equivalent to about 173 million pounds and 224 million respectively. Sales to Hawaii amounted to 18 million pounds from August to November, being the same as last year. Supply conditions in the Japanese Empire and in southern Asia indicate at present that the price of middle quality brown rice at Tokyo will not average more than one dollar per hundred pounds over the price of No. 1 brown rice at San Francisco. A slightly larger spread is necessary to permit much exportation to Japan.

POTATOES

The general level of potato prices remained practically unchanged during the greater part of December. For the country as a whole the average price received by growers was $1.35 per bushel on December 15, the same as on November 15, compared with 58 cents a year ago. At both the Chicago and New York City wholesale markets, prices during December averaged about one per cent lower than during November, the average December price at New York being $3.05 per 100 pounds and at Chicago $2.54. At both of these markets prices were practically at the level for the comparable period of 1926 when the potato crop was about the size of the present estimated production of 326 million bushels in the 35 late States. During the last part of December and the first week of January, potato prices advanced somewhat as the result of severe weather conditions during November and early December which resulted in reduced supplies at city markets.

Marketings in December as indicated by car-lot shipments were about 11 per cent greater than in December a year ago and also about 10 per cent greater than in December 1926. Since the first of September shipments have been about 4 per cent larger than those of the last four months of 1928 but have been about 11 per cent below those of the same period of 1926. These shipments, together with the indicated supply for the season, suggest a relatively larger supply available for the next three months than that for the comparable period in the 1926-27 season. So far this month as in January 1927 prices have averaged somewhat higher than in December. But in February and March of 1927 the January gains were not sustained and the level of potato prices receded somewhat. The current changes that are taking place in the buying power of consumers is another factor which suggests the possibility that the price advance that might have been expected in view of the small crop, may not materialize.

TOBACCO

In the Old Belt where marketing of flue-cured tobacco is still in progress, late December and early January prices showed seasonal declines due mainly to increasing proportions of low grade tobacco. The demand situation remains favorable, with cigarette tax sales approximately 12 per cent above last year, and exports about equal to those of last season.

The prices of Virginia fire-cured tobacco have remained well above those of last season, when they averaged 10.6 cents per pound. Although the crop is larger than last year, the quality is much better. Stocks are so materially lower that the total supply is the smallest in recent years. Exports for the first eleven months of 1929 were larger than for the corresponding period of 1928, and domestic consumption appears to be increasing.

During December the fire-cured markets in western Kentucky and Tennessee averaged from 2 to 3 cents per pound lower than a year ago, but early January reports show some recovery. Contrary to early expectations the quality of the crop is not much, if any, better than last year. The lower prices now prevailing are due to the fact that the total supply is approximately 12 per cent larger than last year, while consumption is decreasing.

Prices in the Henderson fire-cured district are not materially different from those of last year, when they averaged 12 cents per pound. The quality of the crop appears to be slightly better than a year ago and the total supply is slightly smaller. The disappearance of this type has declined in recent years, but was larger for the year ended October 1, 1929 than during the previous year.

Burley prices during December averaged 6 to 8 cents per pound lower than in 1928, when they averaged 30.3 cents per pound. Prices have improved slightly as the season has advanced. Stocks of old leaf are smaller than a year ago but due to the larger crop the total supply is 4 per cent larger. Conditions indicate a season average price about mid-way between those of 21.4 cents per pound for 1923, and 26.0 cents per pound for 1927.

The prices for the 1929 crop of Maryland tobacco will probably be about in line with those of last year, the average of which was the highest in recent years, 27.3 cents per pound. The domestic consumption was materially larger for the year ended October 1, 1929 than during other recent years, and exports were slightly larger than during the previous year.

One-sucker tobacco prices on local markets during December averaged 1 to 2 cents per pound lower than a year ago. The crop is materially larger than last year, and although stocks are smaller, the total supply is 4 per cent larger than a year ago, and the quality of the crop appears to be about the same as last year.

Prices fully equal to those of last year are being paid for Green River tobacco and the trend of the market is upward. The 1928 average was 11.6 cents per pound. The crop is 50 per cent larger than a year ago but stocks of old leaf have been materially reduced and the total supply is approximately the same as a year ago.

The prices of Virginia Sun-cured tobacco have remained above those of last year, when they averaged 10.1 cents per pound. The total supply is slightly larger than a year ago but the quality is better. The disappearance of this type has gradually declined in recent years.

The 1929 crop of Pennsylvania Seedleaf contains less low grade tobacco than any crop of recent years, and indications are that prices will be higher than the 13.9 cent average of 1928. The total supply shows some increase, notwithstanding the decrease in production. Consumption increased in 1929.

Prices of the Miami Valley types appear little changed from those of last year, when they averaged 17.5 cents per pound. Although the crop is larger than in 1928, stocks and total supply are smaller. Indications are that approximately 15 per cent of the 1929 crop will be used for stemming purposes whereas last year the low grades were used for short fillers.

Prices of Connecticut Valley Broadleaf tobacco are materially higher than a year ago when they averaged 21 cents per pound. This increase is due mostly to the fact that only about 16 per cent of the 1929 crop will go for stemming purposes compared with 35 per cent in 1928 and 30 per cent in 1927. The total supply is approximately 9 per cent smaller than last year but consumption has declined in recent years.

Prices paid to growers for the 1929 crop of Connecticut Valley Havana Seed have been materially higher than in 1928, when they averaged 24 cents per pound. The crop is about the same as last year but stocks are smaller and the total supply 10 per cent smaller. Indications are that approximately 12 per cent of the 1929 crop will go for stemming purposes compared with approximately 35 per cent in 1927 and 1928.

Little Wisconsin tobacco was marketed prior to January 1. The crop is smaller than that of 1928 but indications are that a slightly larger proportion will go for stemming purposes. With a reduction in consumption during the past year, stocks and total supply are larger than a year ago. The apparent general shortage of stocks of good binder tobacco is a strengthening factor in the demand situation.

APPLES

The general level of farm prices of apples advanced between November 15 and December 15 from $1.36 per bushel to $1.43 compared with $1.18 a year ago. Since September 15, the seasonal advance has amounted to approximately 13 cents per bushel compared with about 20 cents in 1927 when the crop was about 17 million bushels less than the present estimate of 140 million bushels and about 33 cents per bushel in 1925 when the crop was about 30 million bushels greater. Although prices in September and October of this season were practically the same as those which prevailed in the same months of 1927 a season of lighter supply in November and December they have averaged somewhat below those of 1927. In New York State the December farm price was 10 cents higher than that of October and in Virginia it was 15 cents higher, but in Michigan and Washington, after a 10 cent advance in October the price declined 5 cents by December 15.

Marketings in September and October were somewhat above those of 1927 and below those of 1925 but in November and December they fell also below those of 1927. In view of these low marketings, and present prices a reduced demand for apples in these two months is indicated. This reduced demand is probably a reflection of the decline in buying power of consumers and of the lower foreign demand. Recent tendencies in the domestic business situation suggest that it may act to restrain the advance in the general level of farm prices of apples so that the seasonal rise may not be as marked as in 1927.

CORN

Cash corn prices for the next few months are expected to average above present levels. Any considerable rise in the near future would present a favorable opportunity for farmers to dispose of their surplus corn, but it is possible that the prospective improvement may be delayed until rather late in the season.

The United States average farm price as of December 15 was 78.0 cents per bushel compared with 81.0 cents for November 15. At Chicago and St. Louis cash corn prices during December averaged the same to a trifle higher than during November, while at Omaha and Kansas City prices in December were below the November levels. No. 3 yellow at Chicago averaged 87.5 cents per bushel in December against 87.6 cents in November. This grade of corn averaged 85.3 cents per bushel the week ended January 3 and 84.5 cents the following week.

There was practically no change made by the December crop report in the estimated production for the 1929 crop. The total apparent supply (including stocks of old corn on farms, commercial stocks of domestic grain and the new crop) amounts to 2,702 million bushels for 1929 against 2,875 million in 1928 and 2,898 million bushels in 1927.

Receipts of corn at 13 primary markets have been small, being 18.7 million bushels in November and 31.4 million in December compared with 28.6 million and 44.1 million for the corresponding months of 1928. In

the five years 1924 to 1928 November receipts have averaged 20.3 million bushels and December receipts 33.1 million. As a result of small receipts, stocks have increased but little from their low levels at the beginning of the season. The week ended January 4 the visible supply of corn (according to the Chicago statement) amounted to only 9.9 million bushels which is the smallest visible at the beginning of January in six years. It compares with 18.9 million bushels a year ago and an average of 23.1 million for the past five years. Wet process grindings of corn amounted to 6.5 million and 6.1 million bushels respectively in November and December compared with 7.5 million and 6.6 million in the corresponding months of 1928 and an average of 6.7 million and 6.0 million bushels for these months of the years 1924 to 1928.

Indications still point to a somewhat smaller demand for corn to be fed to hogs than a year ago, and present low butter prices may reduce the amount of grain fed to dairy cows. Smaller supplies of other feed grains, however, will help to maintain the demand for corn. Although exports of corn never constitute a large portion of the total crop, they are important with respect to that proportion of the crop which enters commercial channels, and in consequence the decline in export demand as compared with last year is of some significance.

The net result of these conditions indicate that the reduced supply for the remainder of the season will slightly more than offset the decrease in demand. Cash corn prices are consequently expected during the next few months to average above present levels. The course which prices will follow will depend to a considerable extent upon speculative activities, developments concerning the utilization of the crop and market supplies. If there is a marked rise in cash corn prices during January or February, this may be followed by some recessions during the late winter or spring. If no marked improvement takes place during January or February the rise might be delayed until summer. It should be borne in mind that cash prices are now low relative to futures, especially the distant futures. Consequently those farmers who can now contract their corn for sale in late spring or summer can assure themselves of prices better than the cash prices now prevailing provided they can obtain prices in line with the May and July futures.

HOGS

The duration and extent of the seasonal price advance on hogs now in progress will be governed largely by the policy producers follow in sending shipments to market. Last winter prices made a material advance from mid-December to the end of March. The fact that the course of prices this winter to date has been somewhat similar to that of last winter may result in a tendency to hold back shipments in anticipation of selling at higher levels later. Such action probably would result in a rather sharp advance during January and early February followed by an earlier than usual decline when late winter marketings tended to increase supplies above those of the corresponding period in 1929.

Hog prices at Chicago advanced from $9.19, the average for the first week in December to $9.66 in the fourth week and then reacted to $9.44 the first week in January. Prices fluctuated considerably due to material variations in supplies as a result of weather conditions affecting the volume of hog shipments. The average December price at Chicago was $9.34 as compared with $9.06 in November and $8.61 in December 1928.

After making new low points the third week in December prices of fresh pork strengthened materially, with prices of loins advancing from 10 to 20 per cent by the first week in January. Much of this advance, however, probably was due to a temporary shortage of supplies caused by unfavorable weather curtailing the movement of hogs to market. Current prices of all fresh cuts are considerably above the levels of early January last year. Prices of cured products have shown the downward tendency common at this season but the recession since November has been slight, prices of some cuts showing no change. Compared with a year ago prices of ham, lard and dry salt meats are slightly lower while those of bacon and picnics are higher.

Hog slaughter in December was 12 per cent smaller than in December 1928, but was larger than the December slaughter of the three years, 1925 to 1927.

The decrease in storage holdings of pork and lard compared with a year ago is one of the elements of strength in the current hog situation. Stocks of pork in storage on January 1, amounting to 625 million pounds were 6.7 per cent smaller than those of January 1, 1929, but were 12.2 per cent greater than the 5-year average for that date. Lard stocks, amounting to 81.5 million pounds were 4.4 per cent less than a year ago, but 38.8 per cent larger than the 5-year average.

The large export movement of pork and lard in recent months has lead to the material reduction of storage stocks from the high levels existing prior to this movement. Exports of lard in November exceeded those of November 1928 by 15.2 million pounds or 22 per cent, and were 53 per cent larger than the 5-year average for the month. Exports of pork were almost 58 per cent, or 11 million pounds larger than in November 1928 and were 42 per cent larger than the 3-year average for the month. This increase in exports has been due to seasonally lower prices and is not likely to be continued at higher prices in the face of larger foreign production.

CATTLE

Total cattle supplies furing the next four months are expected to be about as large as last year, but with fewer the first two months and more the last two. The low point in fat cattle prices will probably come later this year than last.

Cattle prices during December were fairly steady with a seasonal downward tendency in prices of beef steers, but with a strengthening tendency with the lower grades of butcher cattle. Compared with December 1928, the decline on choice beef steers was less this year, on good beef steers it was about the same, while medium and common steers declined this year and advanced last year, as shown by weekly average prices at Chicago.

Receipts of cattle at 7 leading markets in December were about 6 per cent larger than in December 1928, but inspected slaughter was about 1 per cent smaller than last year and 20 per cent below the 5-year December average. Out-shipments of stocker and feeder cattle were larger in December this year than last, the movement into 7 leading producing States increasing over 25 per cent.

The estimated number of cattle on feed in the Corn Belt States was about the same on January 1 this year as last, but there was some decrease in cattle feeding reported from the western States. The trend in cattle prices during the next few months will be determined to considerable extent by the distribution of supplies over the period. It seems probable that marketings will be smaller than last year in January and February and larger in March and April. This would tend to bring the low point in fed cattle prices later than last year, when it occurred in February.

BUTTER

With butter prices already at a low level following the recent drastic declines which will probably curtail production somewhat, and the probable increase in consumption following recent declines of retail prices, less than usual seasonal declines in prices during the next few months are probable.

The price of 92 score butter at New York was around 43.5 cents during the first week of December. A decline began on the 9th which carried prices to 39 cents on December 13th, and prices remained close to 40 cents for the remainder of the month, except for a temporary rise to 43 cents on December 23, due to transportation difficulties. There have been additional declines since the first of the year and the price was $35\frac{3}{4}$ cents on January 11. The average price for December was 41.1 cents which was 9.4 cents below the average price of December a year ago and 9.2 cents below the December 5-year average.

The average price received by producers for butter-fat in the United States on December 15 was reported as 41.9 cents compared with 49.2 cents on December 15, 1928. Reported prices in Minnesota, Iowa and Wisconsin were about 8 cents below 1928, while Nebraska, Kansas and Oklahoma were about 11 cents below the preceding year. Declines have not been as severe in the east and south.

Receipts of butter at the 4 principal markets during December were 45,076,000 pounds compared with 41,045,000 pounds a year ago. Cold storage holdings on January 1 were 81,837,000 pounds, which were 186.9 per cent of the holdings a year ago and 168.5 per cent of the 5-year average. There was a reduction of 29,780,000 pounds during the month or 26.7 per cent of the December 1 holdings, compared with a 5-year average of 30,255,000 pounds or 38.4 per cent of the December 1 5-year average holdings.

Production appears to continue slightly above that of last year, due both to an increase in the principal butter producing areas and diversion of surplus milk from other uses into butter. The unusually heavy storage stocks are becoming increasingly burdensome, since much of the butter now in storage must be disposed of by the first of May. There is some indication, however, that more than the usual amount of butter will be carried over into next season.

POULTRY

The usual seasonal rise in poultry prices has probably begun, but it is not likely that the increase will be as great as last year since storage stocks are unusually high.

Prices of fresh killed poultry at New York rose slightly during December. Top quotations on fowls averaged 30.8 cents, 2 cents above last month and half a cent less than last year. The farm price of chickens was 19.1 cents on December 15 compared with 20.3 cents a month before and 21.2 a year ago.

Four market receipts of dressed poultry for December totaled 75.7 million pounds as compared with 68.5 million in December 1928. Receipts since September 1 are about 13 per cent greater than for the same period last year. Accompanying these larger receipts are exceptionally large storage stocks. There were 140.0 million pounds of frozen poultry in storage on January 1 as compared with 117.5 million pounds a year ago and a 5-year average of 120.2 million pounds.

EGGS

Egg prices during January can be expected to make their seasonal decline, but in view of the low storage holdings they are likely to average from 3 to 5 cents above the levels of last year, when fresh extras at New York averaged 43 cents. The decline is likely to be sharper in February when the seasonal increase in receipts, then the main source of supply, will have a stronger offset. Bad weather, tying up transportation, may be expected to cause abrupt but temporary rises.

While the December prices of the better grades of fresh eggs at New York averaged lower than in November, cold weather in the last part of the month cut down receipts and caused sharp temporary rises. Fresh extras averaged 57.8 cents slightly less than in November, Pacific Coast extras and nearby closely selected extras were 60.0 cents and 60.6 cents respectively, 5 cents less than in November. Compared with December 1928 these prices are 8 to 9 cents higher.

Four markets receipts during December were 579 thousand cases, an increase of 80 thousand over November, 27 thousand over last December and 10 thousand more than the 5-year average. The seasonal increase in receipts, which has now begun, should be greater than last year as there are more poultry.

Storage holdings continue extremely low for the season being 710 thousand cases on January 1 as compared with 862 thousand last year and a 5-year average of 1,327 thousand cases.

LAMBS

Lamb prices made some seasonal advance during the first three weeks of December, but this was much less marked than in December 1928, and less than usually occurs. A part of this advance was lost during the last week but was regained during the first week in January. The first week in December prices in 1929 were about 75 cents lower than a year earlier; in the last week they were around $2.50 lower.

Supplies of sheep and lambs were fairly liberal during December. Receipts at 7 leading markets and inspected slaughter both were about 4 per cent larger than in December 1928 and slaughter was 4 per cent above the 5-year December average. The estimated number of lambs on feed January 1, 1930 was about 700,000 head or 15 per cent larger than on January 1, 1929 and the largest number in recent years. The large supplies of lambs to come to market during the balance of the season will probably keep prices below the levels of last year and, if receipts become irregular, temporary gluts may occur. Feeders will therefore need to give careful attention to the distribution of receipts so that gluts may be avoided.

WOOL

Domestic wool prices declined considerably early in December then held about steady until the latter part of the month when there were slight further declines. Following the sharp increase in prices abroad in late October and early November, foreign prices have been declining slightly and the tops markets have been rather quiet. Since early October the margins between foreign and domestic prices have been narrowed to some extent, but they are still wide and imports of wool are greater than they were a year ago. The recent decline in business activity caused a reduction in domestic wool consumption in November, although the total consumption for the year to date is above that for last year, showing the effect of the high domestic demand for most of 1929 and the lower wool prices.

In December domestic wool prices declined 1 to 2 cents a pound on a grease basis at Boston and 1 to 6 cents on a scoured basis, most of the decline taking place during the first week of December. Wools of 64s - 70s - 80s grade (fine) strictly combing declined 2 cents on a grease basis and 5 cents on a scoured basis. Scoured 58s - 60s wool fell $4\frac{1}{2}$

cents for territory and 6 cents for fleece wools. Wools grading 56s (3/8 blood) declined 3 to 5 cents on a scoured basis. Pulled wools also declined 1 to $3\frac{1}{2}$ cents with the greatest declines on the finest grades.

New Zealand wools at Boston declined from $6\frac{1}{2}$ to $7\frac{1}{2}$ cents a pound except 58s which declined $12\frac{1}{2}$ cents and 36s - 44s which were $2\frac{1}{2}$ - $3\frac{1}{2}$ cents below the price on November 30. Australian wools were mostly $1\frac{1}{2}$ - 4 cents lower at Boston except 58s - 60s which were $7\frac{1}{2}$ cents lower. Montevideo and Buenos Aires wools in bond at Boston, declined 3 to 4 cents a pound grease basis. The declines in prices of medium grades of wool indicate somewhat larger supplies of these grades.

Wool prices at the Australian sales declined throughout most of December with a little rise the latter part of the month and subsequent declines again in the first part of January. European wool top markets have been quiet during December. Machinery activity is reported to have been low in Great Britain, Belgium and Italy but fairly high in France and Germany. Buyers are reported to be hesitant about placing orders before the opening of the London Wool Sales on January 21.

Receipts of domestic wool at Boston from March 1 to December 28 have been about 3 million pounds greater than last year. Since this increase is approximately equal to the increase in the domestic wool clip it suggests that probably about the usual amount of wool remains to be marketed for the rest of the present season. The wide margin of domestic over foreign prices resulted in imports of combing and clothing wool for November being approximately 2 million pounds greater than for the same month in 1928, and for the period January 1 to November 30 being about 13 million pounds greater than for the same period in 1928. The decline in domestic business activity has been reflected in the consumption of wool which fell from the high level of 59 million pounds in October to 47 million pounds in November as compared with 50 million pounds in November last year. The quantity of combing and clothing wool consumed during November was the lowest for any month in 1929 except June.

Total world production is now pretty well known for the season but it is not certain what policy Australian sellers will follow in disposing of their recent clip. It is reported that they now plan to extend the selling season into June rather than to complete it in April as they usually do.

The course of domestic wool prices for the next few months will be determined by the course of foreign prices and the developments in the domestic business situation.

COTTON

Cotton prices fluctuated very little in December but made their low point for the month on December 20, and averaged nearly 2.5 cents per pound under those of a year ago. Although American production in 1929 was greater than in 1928, the reduction in the carryover was enough to make the world supply of American cotton less than last year. The larger crop and slower export movement has resulted in stocks in the United States being higher than last year but stocks of American cotton

in European ports and afloat for Europe are less than last year, and the world visible supply of all cotton is only slightly higher than it was a year ago. Exports are still running below those of a year ago, but recently the European markets have shown some recovery from the holiday quietness and the Japanese cotton textile industry was even more active in November than during September and October. Domestic consumption for the four months ended November 30, 1929, was slightly larger than for the corresponding period in 1928, but in November there was a decline. Sales of cotton textiles declined materially in October and November but were larger in December.

December cotton prices ranged from 16.32 to 16.94 cents per pound at the ten spot markets and averaged 16.64 cents compared with 16.75 cents in November and 19.07 cents in December 1928. The decline which brought cotton to the low point of the month came in the third week of December when stock prices again declined. Farm prices on December 15 averaged 16 cents compared with 16.2 cents on November 15 and 18 cents on December 15, 1928.

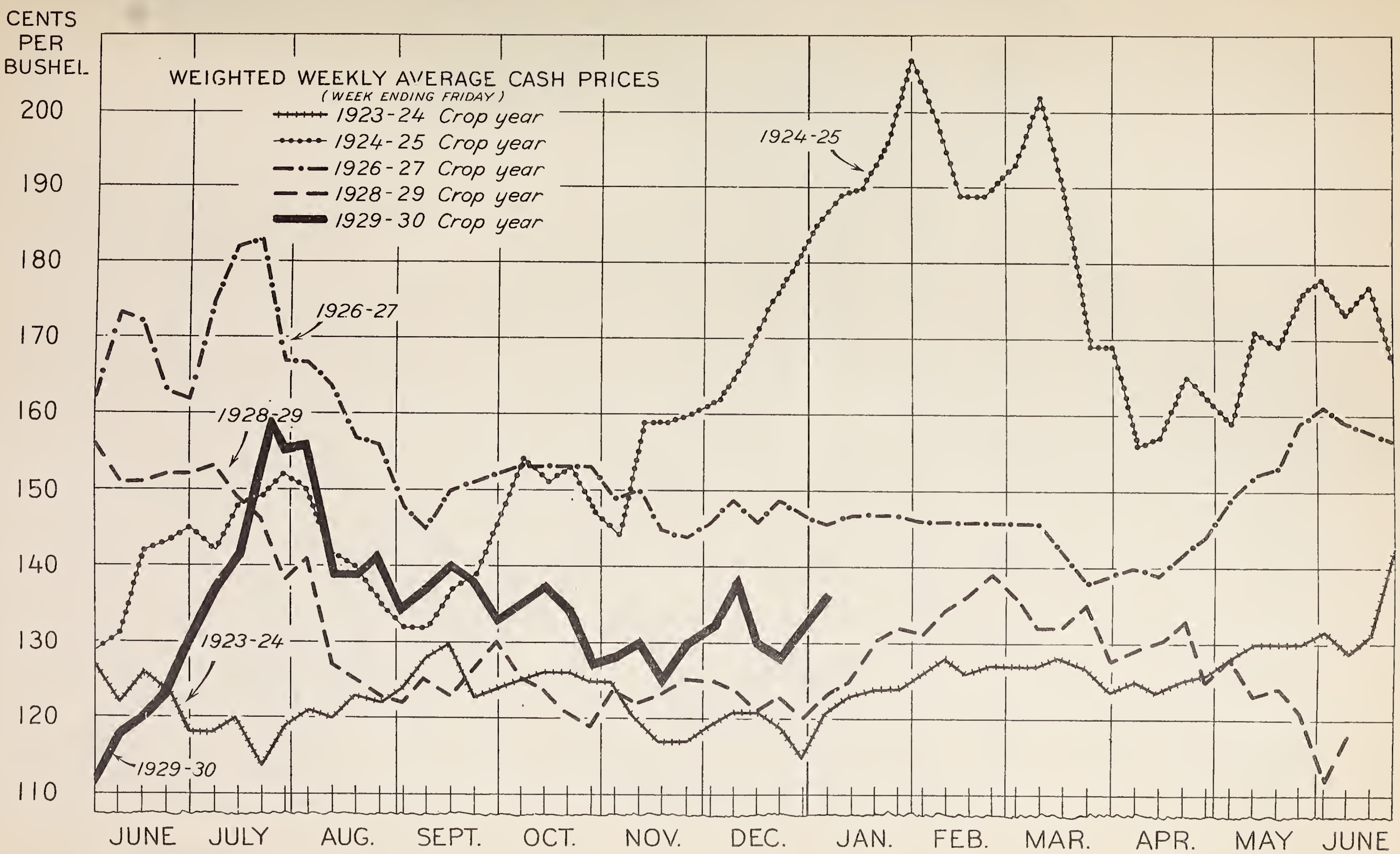
It is now well established that the supply of American cotton for the present season is less than for last season, the 600,000 bale reduction in the carryover more than offsetting the 441,000 bale increase in production. The larger production and slower export movement have resulted in stocks of cotton in the United States being larger now than they were a year ago. The foreign visible supply of American cotton, however, is less than it was a year ago, and the world visible supply of all cotton is only 280,000 bales larger than last year, according to the Commercial and Financial Chronicle.

The November decline in cotton consumption was a part of the general recession in business activity and was preceded by a decline in sales of cotton cloth. The weekly average sales fell from 93 million yards in September to 56 million in October, 44 million in November, and then rose to 76 million in December, according to reports of the Association of Cotton Textile Merchants. Last year the weekly sales averaged 75 million yards in November and 56 million in December. Unfilled orders had fallen to 342 million yards by the end of November and stocks had risen to 431 million yards, but by the end of December unfilled orders had risen to 431 million yards and stocks on hand had risen to 461 million yards. Shipments were at a slightly lower rate in December than in November. Production of cotton cloth, as reported by the Association, fell from a weekly average of 71.6 million yards in September to 70.8 million in October, 69.0 million in November and 60.9 million in December compared with 68.4 million in November and 69.8 million in December last year.

Export demand is still low and European cotton markets were quiet during the holidays but recently some slight improvement is reported to have taken place in European cotton markets. Total exports from August 1 to January 10 were 4.4 million bales this season compared with 5.1 million last season, according to the Commercial and Financial Chronicle. Low exports in recent months have kept the stocks of American cotton in European ports and afloat for Europe from rising as fast as they did last year, and on January 10 they totaled only 1,852,000 bales, 488,000 bales less than a year ago, according to the Commercial and Financial Chronicle.

The British cotton market was quiet during the holidays and exports of yarn and piece goods for November were below those of last season with low silver exchange rates making it difficult to trade with the silver countries of the Orient. Recently, however, there appears to have been some improvement in the cotton trade in British and some Continental markets. Cotton textile production is still high in France and Italy, the only important countries having taken more of our cotton to date this year than last, and in Germany some slight improvement in consumer demand was noted in October and November although no material change in consumption appears to have taken place. The cotton textile industry of Japan is very active, production of yarn and cloth being even greater in November than in October, and the rise in the value of the yen is making it easier for Japanese mills to purchase American cotton.

WHEAT: PRICE OF NO. 1 DARK NORTHERN SPRING AT MINNEAPOLIS



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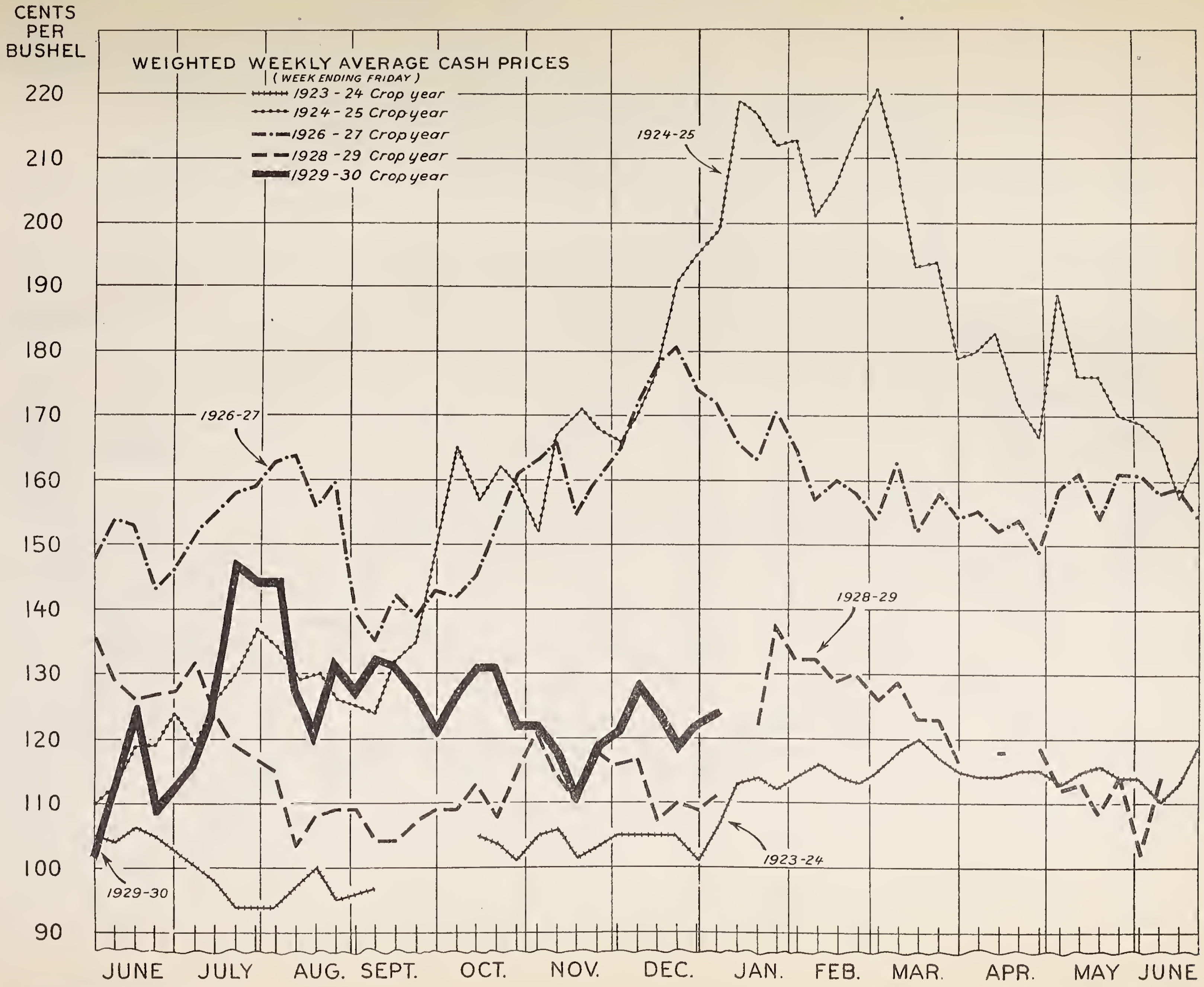
WHEAT: PRICE OF No. 2 AMBER DURUM AT MINNEAPOLIS



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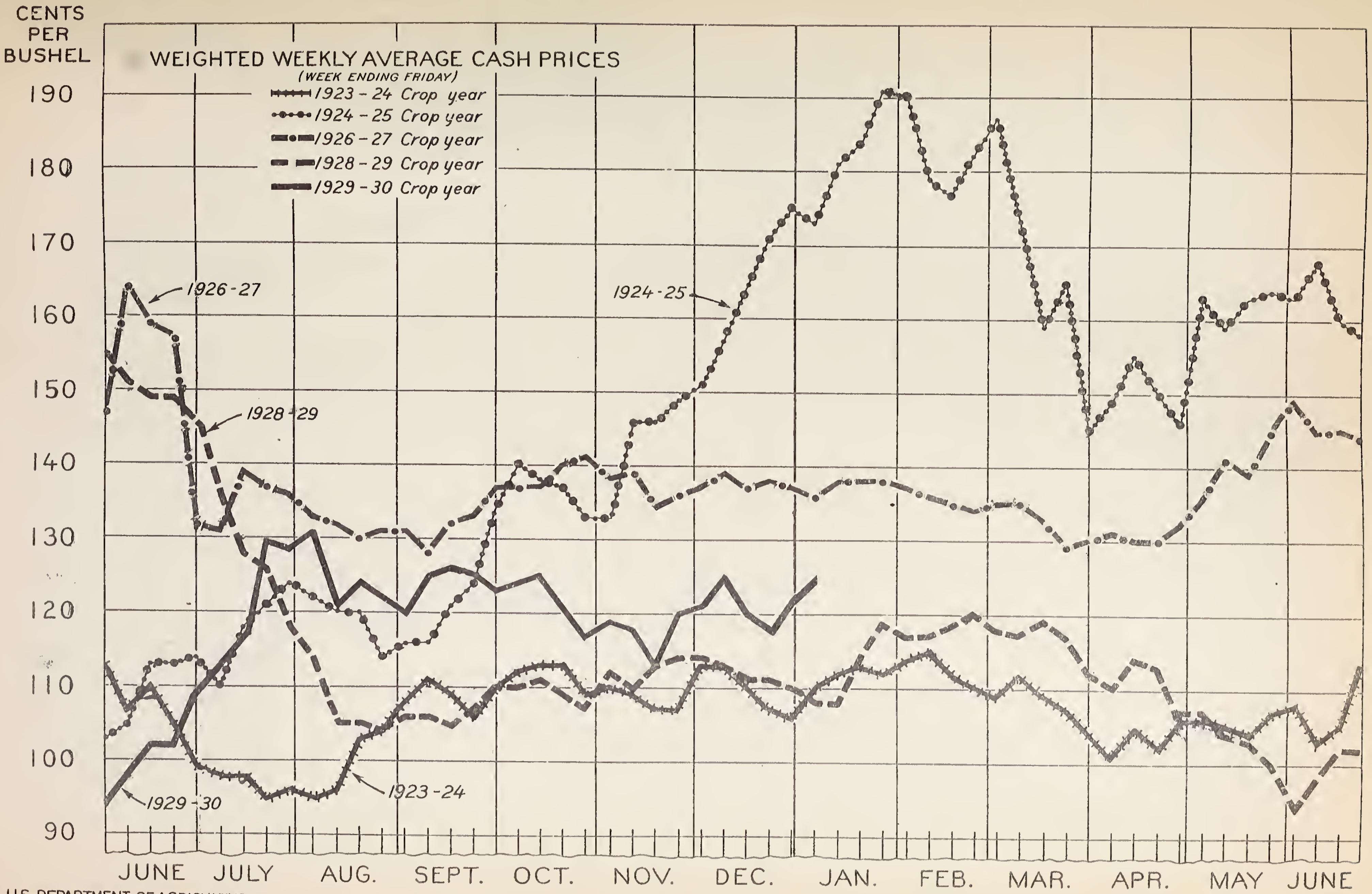
WHEAT: PRICE OF NO. 2 HARD WINTER AT KANSAS CITY



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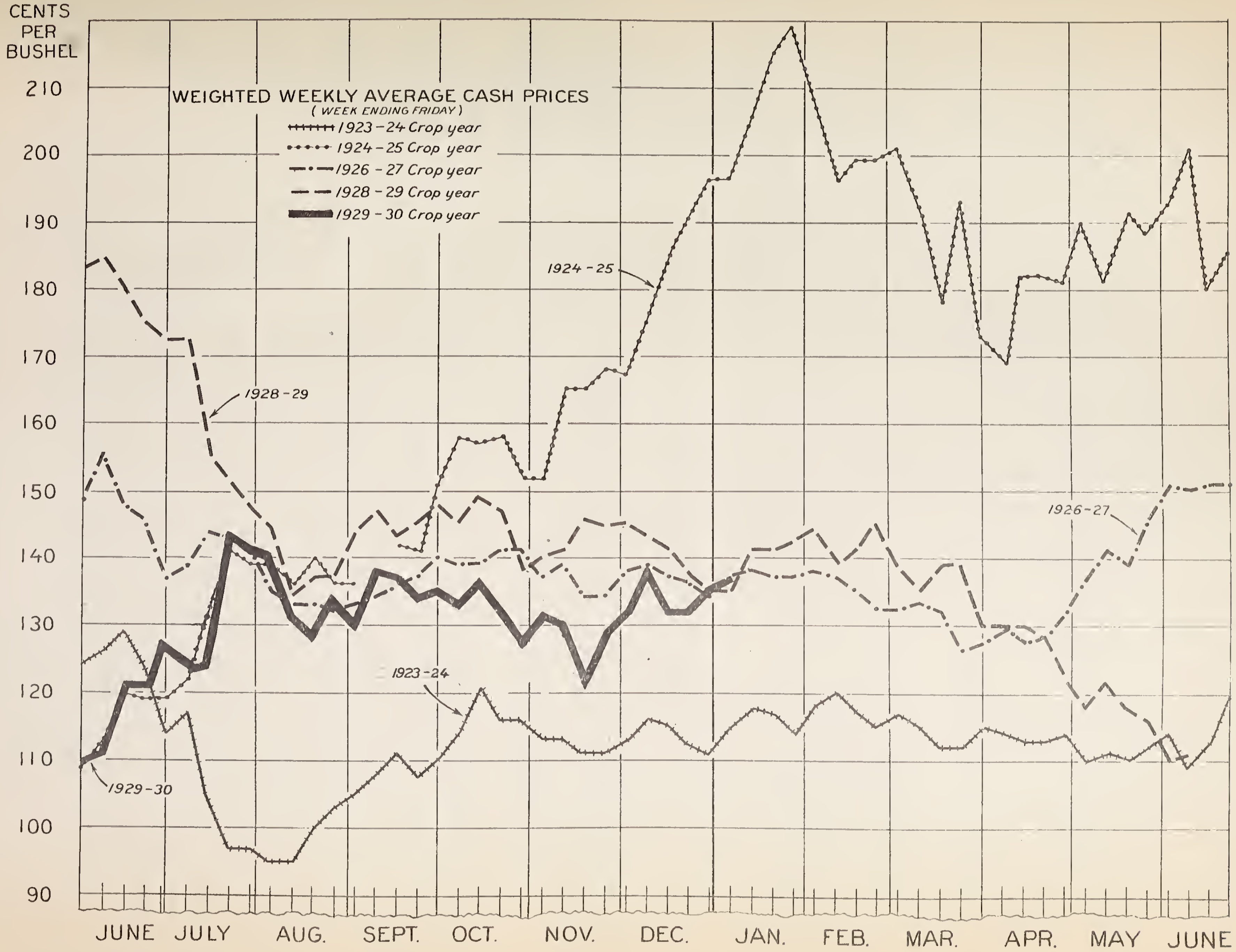
WHEAT: PRICE OF No. 2 RED WINTER AT ST. LOUIS



U.S. DEPARTMENT OF AGRICULTURE

BUREAU OF AGRICULTURAL ECONOMICS

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

For release February 15, 1930

THE PRICE SITUATION, FEBRUARY, 1930

FARM PRICES

The general level of farm prices continued to decline from December 15 to January 15 but was still slightly above a year ago. On January 15 the index of prices received by producers averaged 134 compared with 135 on December 15 and 133 in January last year. The lower prices for butter, eggs, cotton and grains more than offset the advances in livestock and in fruit and vegetable prices. During the latter half of January and the early part of February rather marked declines have occurred in grain and cotton prices at wholesale markets and egg prices have made the usual seasonal decline. Although these declines have been offset in part by further advances in hog prices and a slight improvement in butter prices, the general level of farm prices probably is now lower than on January 15 and somewhat lower than in February last year. During the next few months the level of farm prices is likely to remain below the corresponding period of 1929, when it was 136 in February, 140 in March, and 138 in April.

THE GENERAL COMMODITY PRICE LEVEL

The general level of commodity prices at wholesale markets declined further during January and in the first week in February was at the lowest point since early in 1922. Nearly all groups of commodities have declined, but the decline has been more pronounced in farm and food products.

According to the Annalist weekly index of wholesale prices the January average was 140 compared with 141 in December and 147 in January a year ago. For the first week in February the all commodity index was 138 or 2 points below that of January 7 and 8 points below a year ago. Prices of farm products were 2 points below prices a month earlier due largely to lower wheat, corn and cotton prices, and were 10 points below last year. Nearly all classes of nonagricultural commodities also declined from the first week in January to the first week in February. Fuel prices declined 4.3 points below prices on January 7 and were 7.5 points below February 5, 1929, due to the sharp decline in bituminous coal prices. Textiles were 3.6 points lower than last month and 18.3 points below a year ago because of lower cotton and silk prices. Prices of foods, metals and chemical products also made material declines during the month and averaged somewhat below a year ago. Building material prices made slight advances during the first week in February, but were still slightly below the same time last year.

BUSINESS CONDITIONS

Industrial activity for the month of January continued at a low level and averaged about the same as in December. During the latter part

of the month, certain lines of activity showed an upward tendency such as in the iron and steel and in automobile industries, while others continued to decline. The building situation, as indicated by contracts awarded during January, was not much different from that of December, the increased awards for public works only slightly more than offsetting the decline in residential building.

Interest rates remained practically at the December level throughout January, but in the first week of February the New York Federal Reserve Bank further reduced its rediscount rate from 4.5 to 4 per cent. Industrial stock prices averaged somewhat higher in January than in December. Some improvement in the business situation has been noted during the latter part of January and early February but it is still too early to judge whether this marks the end of the recession which began in 1929.

WHEAT

Notwithstanding the recent marked decline in wheat prices, some improvement appears likely in the next few weeks. The visible supply in the United States has declined about 40 million bushels from the peak in October, but it is still larger than a year ago by about 37 million bushels. Shipments from the Southern Hemisphere are considerably smaller than a year ago and shipments from the United States are increasing slightly. Stocks in Liverpool are larger than a year ago but stocks of foreign wheat at Continental ports are comparatively small and the floating supply is only about half as large as a year ago. It still seems likely that European demand for foreign wheat will increase and that larger quantities will be taken from the United States in the latter part of the season. The condition of the winter sown crops must be watched closely for the remainder of the season.

The farm price of wheat in January averaged 107.5 cents per bushel, about the same as in December and still 9 cents above the average of January a year ago. The prices of all classes and grades at principal markets declined from 126 cents per bushel the first week in January to 118 in the last week of the month. The prices of all classes shared in the decline, hard winter wheat declining most and soft red winter the least during the month. Since market prices have declined, it is to be expected that February farm prices will average below those of January.

The world supply situation is unchanged from a month ago. The second estimate from Argentina confirms a short crop and indicates that it may be even shorter than indicated a month ago. The visible supply in the United States is being reduced at a fairly rapid rate. The total supply remaining in the United States is probably somewhat less than a year ago. The visible supply continues to be larger but not enough larger to offset the decrease in farm stocks. Supplies in Canada, Argentina and Australia are now considerably smaller than a year ago.

The foreign demand for our wheat has continued disappointingly weak. While low prices of feedstuffs and rye have tended to weaken demand for wheat, low wheat prices in many deficit countries have tended to encourage a liberal consumption of wheat. Other important factors in the situation

have been a declining general price level, difficult financial conditions, and business depressions, which have tended to force early marketings in many countries, and to encourage hand-to-mouth buying on the part of consumers and importers. These conditions continue to be a factor in the situation but there is some hope for wheat prices on account of reduced supplies available from the Southern Hemisphere and a tendency for credit conditions to improve.

It is still too early to make any definite estimates of the 1930 wheat crop. The mildness of the present winter in Europe may not be favorable for the repetition of good crops in many of the European countries. Fall seedings and the development of plans for spring seedings in Russia do not promise any great increase in the production of that country. Outside of Europe, the law of chance would indicate a crop larger than the 1929 crop. The world carryover of old wheat at the end of the season probably will be fairly large but smaller than a year ago, with very small supplies remaining in the Southern Hemisphere. These conditions point to the possibility of a favorable market in May, June and July, unless conditions in Europe should become favorable for another large crop and an early harvest.

FLAX

Flax prices have remained steady during the past month while linseed meal has declined slightly and linseed oil prices have remained unchanged. The supplies of flaxseed and linseed oil in commercial channels and the lower demand for linseed meal indicate little if any improvement in flax prices is to be expected during the next few months. Farmers with flax for sale would do well to market their crop at present prices.

Flaxseed prices declined slightly during the first half of January but remained firm during the latter half of the month and the first week in February. Farm prices for flaxseed on January 15 averaged $2.80 per bushel compared with $2.88 in December and $2.11 in January 1929. Prices at primary markets also were lower in January than in December, the average price of No. 1 flaxseed at Minneapolis for January being $3.08 compared with $3.22 for December. Since January 15 flaxseed prices have averaged about $3.04 at Minneapolis and on February 4 were $3.07.

Prices of linseed meal declined somewhat during the first week in February. During January prices at Minneapolis averaged $54.12 and then declined to an average of $52.50 for the week ended February 5. Linseed oil prices declined slightly during the first half of January but during the latter half of the month and the first week in February prices remained steady.

Crushings of flaxseed during the last three months of 1929 (the first quarter of the 1929-30 crop season) were the smallest for that period since 1923. Imports were large during the last quarter of 1929 so that commercial supplies of flaxseed on December 31 were only slightly less than at the same time a year ago. Smaller amounts of oil and linseed meal passed into consuming channels during the three month period than a year earlier, but stocks of oil on December 31 were the smallest for that date since 1924

because of reduced production. European imports of flaxseed have been unusually low since the sharp advance in flax prices last fall. With plentiful supplies of cheap feed stuffs available it is not likely that European imports will increase materially until flaxseed can be obtained at lower prices.

In past years of short crops there has been a tendency for producers to hold back a larger proportion of the crop to be marketed in the later months. In the short crop years 1921 and 1922 market receipts at the principal markets to January 31 were only 68 per cent and 60 per cent respectively of the total yearly receipts, while average marketings to January 31 are about 78 per cent of the total. Receipts to date from the 1929 crop indicate that a greater proportion of the crop than usual is being held to be marketed in later months, and that supplies on farms are somewhat larger than last year.

The present high level of prices together with the decline in linseed meal prices, the smaller imports of flaxseed by European countries, the lower consumption of linseed oil and the larger stocks of flaxseed yet to be received at primary markets indicate that little if any improvement in flax prices is to be expected during the remainder of the 1929-30 marketing season. Flax prices from February to May usually remain steady or decline slightly and then from May to September adjust themselves to the new crop basis. The short crop of 1929 and the present high prices make it seem likely that, with average conditions for the 1930 crop, prices will tend downward from April or May to September.

RICE

The upward trend in southern rice prices which began during the latter part of January is likely to continue for the next few months. Prices of cleaned rice will probably make a greater proportionate increase than rough rice. Stocks of rough rice remaining in farmers' hands on January 31 were lower than at the corresponding date of any year since 1926. Mill stocks and warehouse stocks also are reported to be below last year.

Exports of southern rice during January were considerably below December and were also lower than for January 1929. Porto Rican sales for the season to February 1 have been less than for the corresponding period last year because of the relatively high prices of lower grades of rice. Domestic buying should continue at about the 1928-1929 level in spite of the higher price whereas foreign and Porto Rican sales will probably average below last year's level for the remainder of the season.

There was practically no change in the price of California rice at San Francisco during the last month. It is, however, likely that these prices will show some improvement during the next few weeks because of the relatively small supplies of California rice this year. Domestic and Hawaiian demand have both held up thus far to the level of the same period last year, but foreign demand has been weak. Japanese prices are not expected to show sufficient advances to make it advantageous for California to export significant quantities of milled rice to that country within the near future.

POTATOES

The average farm price of potatoes for the country as a whole at $1.38 per bushel was slightly higher on January 15 than on December 15, when the average was $1.35 compared with 59 cents in January last year. Market prices also averaged somewhat higher during January than during December but lost part of the advance by the end of the month and during the first part of February.

On January 1 total stocks of merchantable potatoes were 84 million bushels or nearly 50 million bushels less than on January 1, 1929, and about the same as on January 1 of the 1926-27 crop season. Stocks in the 19 Northern States were 74 million bushels, the same as on January 1, 1927, but a larger portion of the crop this year is located in the Northeastern States than was the case in 1926-27 and this fact is reflected in a smaller margin between Boston and Chicago prices than usual. So far this season the general stability in potato prices has been similar to that which characterized the movements between November 1926 and April 1927.

During January car-lot shipments of potatoes amounted to nearly 20,000 cars compared with the same volume a year ago and 18,000 cars in January 1927. A continuation of heavier shipments through February and March would move a large portion of the remaining supplies and would tend to result in higher prices later in the season. Any rise in price is likely to be more marked in the North Central area where the supply is relatively lighter than in the Northeast. Should a heavier movement of potatoes from the Southern States materialize this spring, as a result of the increased southern acreage, it would ordinarily tend to prevent a marked rise in the price of northern potatoes. In the spring of 1927 a marked rise in prices took place after April in spite of an increased supply of early potatoes because a large portion of the supply of old potatoes had been marketed in the earlier months.

CORN

The trend of corn prices during the next few months will depend more than usually upon market movement of corn. The commercial stocks are low and receipts and shipments have been small. Should farm stocks of corn on March 1 be somewhat below last year some increase in the demand for corn from primary markets may be expected later in the season. Receipts for the remainder of the season are expected to continue light and any increase in demand for corn from primary markets would likely result in some advance in prices.

The average farm price of corn declined slightly from 78.0 cents on December 15 to 77.3 cents on January 15, and was 2.9 cents below the average of January 15, 1929. The price of No. 3 yellow corn at Chicago averaged 85.1 cents in January compared with 87.5 cents in December and 93 cents in January last year. Corn prices remained fairly steady during the first three weeks of January and then declined somewhat during the latter part of January and the first week in February. No. 3 yellow corn at Chicago averaged 83 cents for the week ended February 8 compared with 85.3 cents for the week ended January 4, and 95 cents for the corresponding week a year ago.

The principal factors causing the decline in corn prices during the past two weeks has been the weakness of wheat prices and slightly larger receipts of corn at primary markets. Although receipts have increased slightly in recent weeks they are still running materially below last year. Receipts at 13 primary markets from November 1 to February 1 were 80,847,000 bushels compared with 110,766,000 bushels for the same period a year ago. Commercial stocks at primary markets are also much lower than a year ago and increasing less rapidly than is usual at this time of year. Commercial stocks on February 1 were only 16,079,000 bushels compared with 28,797,000 at the same time last year and the increase in commercial stocks during January was only about 7.8 million bushels compared with a usual increase of about 9.2 million bushels. The more normal distribution of the 1929 crop is largely responsible for the smaller movement of corn this year, but the slow conditioning of the crop and lower prices for corn have also been important factors.

The number of hogs on January 1 was 7.5 per cent less than a year ago and the smallest since 1926. Cattle and calves on farms were 2.7 per cent larger, but this is partially offset by a 2.8 per cent decrease in horses and mules. Prices of dairy products are still unfavorable to heavy feeding of dairy cows. Foreign demand for corn has been negligible and is not expected to increase. The demand for corn for commercial uses has also been materially below a year ago. The decline in hog numbers from a year ago was greater than the decrease in corn production and with other demand factors less favorable than last year it is probable that the lower supplies are more than offset by lower demand and that prices for the 1929-30 season will average lower than in the 1928-29 season, when the price of No. 3 yellow corn at Chicago from November to May averaged 89 cents. The recent advance in hog prices and decline in corn prices, however, has made the corn hog ratio more favorable to heavy feeding and is likely to result in some increase in the demand for corn.

The trend of corn prices during the next few months will depend more than usual upon the movement to and from primary markets. Commercial stocks are low and receipts and shipments have been small. Receipts are expected to continue light for the remainder of the marketing season, therefore it is unlikely that prices will continue to decline below the levels reached the first week in February. The severe winter weather in the principal feeding areas and the large amount of soft corn have resulted in heavy feeding and supplies of corn on March 1 are expected to be somewhat smaller than a year ago. Should farm stocks on that date show a material decrease when compared with a year ago some rise in prices is to be expected. The more distant futures are still higher than usual in comparison with present cash prices and where possible it may be profitable for farmers with good quality corn to contract it for future delivery, provided they can contract for prices in line with May and July futures.

HOGS

Hog prices have advanced steadily since the seasonal low point reached the last week in November. The movement of prices since mid December has been very similar to that of last winter but the level of prices has been about 50 to 75 cents higher than a year ago. The advance now in progress is expected to continue until late March or early April. Last winter the seasonal advance in hog prices was checked the third week in March after the weekly average at Chicago reached $11.65. Prices then declined gradually until the last week in May when the weekly average was $10.57.

Hog prices have made a marked advance since the low point of $9.02 was registered late in November and for the first week in February prices at Chicago averaged $10.37. The average of $9.78 for the month of January was 4.7 per cent higher than that for December, 6 per cent higher than that of January last year, and 18.5 per cent above that of January two years ago.

Federally inspected slaughter of hogs in January was 12.8 per cent smaller than in January last year and 8.7 per cent less than in January 1928. Slaughter during the first four months, October to January, of the current crop marketing year was 1,248,000 head less than in the same period a year earlier. This is a decrease of 6.3 per cent. During the first three weeks of January slaughter supplies were considerably smaller than in the corresponding weeks of 1929. More recently, however, they have exceeded those of a year earlier.

The sharp reduction in hog marketings in late December and early January resulted in a temporary scarcity of fresh pork products in distributing centers, consequently prices of these products advanced sharply. More plentiful supplies in recent weeks resulted in prices of these products declining almost to the lowest levels reached early in the winter. Prices are now approximately at the same levels of a year ago.

Prices of cured products, excluding drysalt meats, advanced during January and are now well above the prices of a year ago. Lard prices continue weak and are below last year's levels.

The storage situation is much more favorable than a year ago. Stocks of pork, amounting to 688.2 million pounds on February 1, were 17.9 per cent less than a year earlier and only .7 per cent larger than the 5-year average. Lard stocks, amounting to 92.7 million pounds, were 34 per cent smaller than on February 1, 1929 and 1.6 per cent less than the 5-year average.

The heavy export movement of hog products which was under way in the fall slowed down in December and exports of pork in that month were only 3 per cent larger than in December 1928. Exports of lard actually decreased 7 per cent below December 1928.

CATTLE

Small supplies of cattle in January held prices fairly steady and the usual seasonal decline did not take place. Any considerable relative increase in supplies during the next few months would probably carry prices to a somewhat lower level.

Cattle prices during January did not make their usual seasonal decline. As a result the level of beef steer prices at the beginning of February was about the same as it was at that date in 1929, whereas throughout the preceding six months it had been considerably below the similar period of the preceding year. The average monthly price of the different grades of beef steers at Chicago in January 1930 was from 40 to 50 cents lower than in January 1929, but by the first week in February all grades averaged higher than in the similar week of 1929.

The prices of other kinds of slaughter cattle did not change greatly during January but at the end of the month prices on all kinds except choice heifers were somewhat below a year earlier. The greatest change from the previous year was in low grade cows which were over a dollar lower. Stocker and feeder steer prices in January this year, while higher than in December, averaged about 25 cents lower than in January 1929.

Supplies of cattle during January were relatively small. Receipts at seven leading markets and inspected slaughter were both about 3 per cent smaller than for January 1929; and slaughter was 9 per cent below the 5-year January average. While the total of slaughter steers at Chicago in January was 12 per cent smaller than a year earlier, the number of good and choice steers was over 55 per cent larger. This would seem to indicate that cattle marketed in January this year had been fed somewhat longer than those marketed a year earlier.

The low level of beef cattle prices during the first half of 1929 was reached about the middle of February but not much recovery was made until the end of March. If cattle supplies for the next two months are relatively as small as in January it is probable that prices during these months will not go as low as they did a year earlier. Unless, however, there is a considerable improvement in the beef market it hardly seems probable that supplies equal to last year could be disposed of except at lower prices.

LAMBS

The lamb market in January was fairly steady until the end of the month, when largely increased supplies resulted in a sharp break in prices. Supplies for the next three months will be relatively large and prices will probably continue on a low level.

Lamb prices in January were steady during the first three weeks of the month but started to decline the last week. This decline continued into February and by the second week of that month prices had reached the lowest

level for February since 1921. The average price of lambs at Chicago in January 1930, while below that of January 1929, was not greatly different from that of 1928, 1927 or 1922; but in these other years prices tended to advance during the month, and the February level of prices was above January. The only other recent year when lamb prices at the beginning of the year were relatively low and continued to decline was in 1921.

The supply of lambs during January was relatively large. Although the receipts at seven leading markets were smaller than in January 1929, inspected slaughter was about 7 per cent larger, was about 12 per cent above the 5-year January average and the largest for the month since 1914. Because of the relatively large porportion of heavy lambs, price discrimination against such kinds became increasingly marked. When prices broke they declined much more than did light weights. Shipments of lambs from Colorado and western Nebraska during January were larger than in January 1929 but not enough larger to materially change the feeding situation in that area from what it was on January 1.

Supplies of lambs during the next three months will be relatively large and little recovery in prices is probable until numbers in feed lots are reduced to a level comparable with numbers at the same date in other years.

WOOL

Prices of all grades of wool continued to decline during January in both foreign and domestic markets. The greatest declines were in the lower and medium grade wools. At the opening of wool sales in Sydney on January 29, prices were fully 10 per cent below the close of the first sales in January. London wool sales in January opened with prices 15 to 25 per cent below the close of sales in December, but some improvement in prices for higher grade wools was shown before the close on February 6. The difference between London and Boston prices is still wide being about equal to the tariff differential and favorable to importation. Wool consumption in the United States declined materially from October to December and was at a level somewhat below a year ago.

Prices of domestic wool during January declined 1 to 5 cents on a grease basis at Boston and from 2 to 10.5 cents on a scoured basis. Strictly combing wools of 64s-70s-80s grades declined 1 to 2 cents a pound on a grease basis and 2 to 5 cents a pound, scoured basis. Wools of 58s-60s grade fell 4 to 5 cents a pound on a grease basis and 5 to 7.5 cents scoured basis. The greatest declines, however, were on wools grading 56s which were 8.5 to 10.5 cents below the price on January 4.

New Zealand wools, in bond at Boston, declined from 10 to 12.5 cents except 50s-56s and 56s-58s which declined 15 to 16 cents, and 36s-44s which were only 8.5 cents below January 4. Australian wools were mostly 7 to 10 cents lower except 70s which were only 5 cents lower. Montevideo and Buenos Aires wools, in bond at Boston, declined 4 to 7 cents per pound on a grease basis.

The wool sales were reopened at Sydney, New South Wales, on January 29 with prices fully 10 per cent lower than at the close of the first sales in January. At the opening of the London wool sales on January 21 prices of merino wools were 15 to 20 per cent lower and crossbred wools 20 to 25 per cent below the close on December 4 but closed February 6 with competition much improved with prices of 64s-70s wools 3 cents higher than at the opening. Wools of 58s qualities were 1 cent higher, 56s and 60s were unchanged, and wools grading 36s to 50s were mostly 1 cent below opening prices. Bradford and the continent were active purchases.

European markets for wool, tops and noils have been quiet during January. Machinery activity is reported low in Belgium and Italy, and lessened activity is also reported from France and Germany. According to a cable received February 7 from Consul Thomson at Bradford, the depression in the wool industry and unemployment especially in the fine worsted trade is greater than at any time since 1926. Buyers appear hesitant about placing orders in view of the declines in raw wool prices.

Receipts of domestic wool at Boston from March 1, 1929 to February 1, 1930 have been about 6 million pounds or 3 per cent greater than last year. Imports of combing and clothing wools into the United States during December were more than 2 million pounds less than for the same month in 1928, but for the calendar year 1929 imports were 11 million pounds greater than in 1928. Wool consumption has declined rapidly from the high point of 59 million pounds in October to 47 million in November and 38 million pounds in December 1929 compared with 46 million pounds in December 1928. The quantity of combing and clothing wool consumed in December was the smallest for any month in 1929. The total quantity of wool consumed in the United States during 1929, however, was much greater than in the last few years and amounted to over 585 million pounds compared with 538 million pounds last year.

BUTTER

Butter prices will probably remain close to present levels for some time and the seasonal decline now until the period of flush production will probably be less marked than usual.

The price of 92 score butter at New York fluctuated considerably during January. The price decline from 37.5 cents on January 2 to 34.5 cents by January 9, reached 38 cents on January 23 and had declined to 36 cents on January 31. The price on February 13 was 36.5 cents. The average for the month of January was 36.6 cents which was 10.3 cents below the average for January 1928 and 9.6 cents below the 5-year average for January.

The average farm price of butterfat for January 15 was 36.7 cents or 5.2 cents below December and 10.9 cents below January last year. The depression in farm prices in January compared with January 1929 continued to be most severe in the centralizer territories, prices in Kansas, Nebraska and Missouri averaging 15 cents below the preceding year. Farm prices were least affected in the North Atlantic States and in the South Atlantic States where they averaged 7.8 cents and 5.4 cents below 1928.

Receipts at the four principal markets during January were 49,283,000 pounds compared with 50,528,000 pounds in January 1929, and 45,910,000 pounds for the January 5-year average. Cold storage holdings were 60,229,000 pounds on February 1, there being a net reduction of 21,608,000 pounds in holdings during the month compared with a 5-year average reduction of 17,360,000 pounds in January. Holdings on February 1 were 35,482,000 pounds above those of a year ago, and 29,009,000 pounds above the 5-year average.

Production appears to continue above that of last year for the country as a whole. Reports of important manufacturing associations indicate a considerable decline in production in the centralizer territories and small increases in the principal butter producing region. Some butter from factories which formerly were shipping sweet cream as well as butter from milk condenseries, continue to arrive on the market. Retail prices of butter were materially reduced during January in the leading markets. The retail price of tub butter in an important group of New York chain stores averaged 42.2 cents for January which was 5 cents below the December average and about 12 cents below the average of January 1929. These lower prices appear to have increased consumption.

With production continuing above that of a year ago and storage stocks still large no sustained advance in prices above present levels appears probable. The extent of the spring decline will depend largely upon conditions during the early pasture season which cannot now be foreseen. Prices will probably be maintained close to present levels for some time, with less than a usual seasonal decline.

EGGS

A downward seasonal trend in egg prices may be expected until early in March, though temporary rises may accompany bad weather. The levels reached then are likely to be maintained during the rest of the month. In two years comparable with this, 1927 and 1928, fresh extras at New York averaged 35 and 36 cents in February, and 28 and 31 cents in March respectively.

The prices of the better grades of fresh eggs at New York declined steadily during January, averaging from 13 to 15 cents less than in December Fresh extras were 45.0 cents as compared with 58.3 cents in December and 42.7 cents in January 1929. Pacific Coast extras and nearby closely selected extras were 45.4 cents compared with 60.5 cents in December and 48 and 46.8 cents respectively a year ago. During the first two weeks of February prices have risen 4 to 5 cents under the influence of relatively low receipts.

Four market receipts during January were 858 thousand cases, slightly more than last year and about 60 thousand cases more than the 5-year average. While the increase in receipts from December to January this year was somewhat less than last year, probably due to pullets beginning to lay later, it was well above the 5-year average increase.

United States cold storage holdings of eggs on February 1 were 139 thousand cases as compared with 248 thousand last year and a 5-year average of 237 thousand. Storage stocks are not an important source of supply at this time of the year.

POULTRY

The seasonal rise in poultry prices will probably continue, but is not likely to reach as high a peak as last year as cold storage stocks are unusually large and prices for lamb cuts are lower than a year ago.

Prices of fresh killed poultry at New York dropped slightly in the early part of the month, but rose steadily during the latter half. Top quotations on fowls were about the same in January as in December, averaging in each month 30.8 cents, a cent less than January 1929. The farm price of chickens rose from 19.1 cents on December 15 to 19.8 on January 15, but were still nearly two cents lower than in 1929.

Receipts of dressed poultry at four markets totaled 32.2 million pounds for January compared with 29.1 million pounds last year. Receipts since September 1 are about 13 per cent greater than last year. Accompanying these heavier receipts are exceptionally large storage stocks. There were 141.5 million pounds of frozen poultry in storage on February 1 as compared with 102.4 million pounds a year ago and a 5-year average of 122.4 million pounds.

COTTON

After remaining steady during most of January cotton prices declined sharply, reaching the low point on February 6 of 14.67 cents for middling at the ten important spot markets. Prices then advanced somewhat and averaged 15.25 cents at these markets on February 13. Consumption of cotton in the United States during the first six months of the 1929-30 season was about 128,000 bales or 4 per cent less than in the same period last year. Exports during the same period were 686,000 bales or 12 per cent less than in the same period last year, and supplies in the United States are now larger than a year ago. Activity in most foreign countries, except France, Italy and China, continues at low levels.

Cotton prices fluctuated within narrow limits during most of January, then declined sharply the last of the month and during the first week in February. The average price of cotton at ten principal spot markets averaged 16.56 cents for January compared with 16.64 cents in December and 18.88 cents in January 1929. During the first week in February, prices at these markets averaged 15.22 cents or 1.42 cents below the first week in January and at the close of the week averaged only 14.82 cents. The average farm price on January 15, of 15.8 cents was slightly below the price of 16.0 cents for December 15 and 2.1 cents below the farm price in January last year.

Price declines during the past few weeks are a reflection of the lower demand for cotton both in the United States and in foreign markets. The lower consumption of American cotton in foreign countries is probably due in part to the larger supplies and lower prices of Indian cotton. Prices of Indian cotton declined more rapidly this season to November 1st than prices of American cotton, but since that date the price spread between American and Indian cotton has gradually narrowed and on January 31st the spread was slightly narrower than at the beginning of the season.

Domestic consumption of cotton during January was 577,235 bales compared with 453,892 bales in December and 668,286 bales in January 1929, according to the Bureau of the Census. Domestic consumption during first six months of the 1929-30 season was 3,319,837 bales compared with 3,447,645 bales for the corresponding period of 1928 and a 5-year average of 3,327,160 bales during the same period.

The demand for American cotton in foreign markets in the past six months has been low, as shown by small exports. For the six month period ended January 31, 1930 exports were 4,891,012 bales compared with 5,576,724 bales for the same period last year. The decrease in takings of American cotton has been most marked in Russia, England, Germany and Japan. Exports to Russia during the six months period were only 66 per cent of a year ago, to England 73 per cent, to Germany 90 per cent and to Japan 80 per cent of last year. Among the larger countries showing increased takings of American cotton are France and Italy. Exports to France and Italy for the six months were 108 per cent of last year.

The total world visible supply of American cotton on February 7, 1930 was 5,498,308 bales compared with 5,403,380 bales on the corresponding day a year ago, according to the Commercial and Financial Chronicle. Stocks of American cotton in ports of counted interior towns in the United States were about 540,000 bales larger than a year ago, while European port stocks of American cotton and American cotton afloat for Europe were about 460,000 bales less than last year. The world's visible supply of cotton other than American was 530,000 bales larger than a year ago and the world visible supply of all cotton was 8,078,000 bales compared with 7,451,000 bales at the same time last year.

Sales of cotton cloth continued at a low level during January. According to reports of the Association of Cotton Textile Merchants the weekly average sales fell from 93 million yards in September to 44 million in November. Some improvement was shown during December, the average weekly sales increasing to 76 million yards, but a large part of this improvement was lost during January when weekly sales averaged only 58 million yards. Although production was low and stocks decreased slightly from 461 million yards on January 1 to 453 million yards on January 31, it exceeded sales and unfilled orders were reduced from 431 million yards on January 1 to 391 million yards on January 31.

Activity in the cotton textile industry in England continues very quiet and the outlook remains uncertain. Conditions in Germany are also quiet, while activity in France and Italy continues good. Conditions in China are fairly satisfactory. Some new spindles have been added in Chinese mills which will soon be put into operation. The low silver exchange, however, is not favorable to imports, but this is not expected to seriously affect the takings of American cotton. Conditions in Japan are less favorable than in China and it is reported that Japanese spinners have agreed to curtail production until in August.

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
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THE PRICE SITUATION, MARCH, 1930

FARM PRICES

The general average of farm prices received by producers declined 3 points from 134 on January 15 to 131 on February 15 compared with 136 a year ago. Somewhat higher prices of apples, potatoes and chickens and a moderate advance in hog prices between January 15 and February 15 were not sufficient to offset the declines in most farm products, particularly in cotton, wool, wheat, eggs and butter. The price of milk cows which is not included in the index, declined from $93.00 on December 15, 1929, to $89.00 on January 15, and to $85.00 per head on February 15. Compared with prices a year ago, those of February 15 of this year were all lower, except flax, potatoes and apples, commodities in which the supplies are considerably smaller than a year ago. The farm price of eggs on February 15 was practically the same as that of February 1929. Since February 15 there have been further declines in important commodities such as cotton, wool, butter and eggs, so that the general average now is still lower than on February 15. Whether or not the next few months will see any material improvement in the general level of farm prices will depend on crop conditions affecting prospective supplies of farm products as well as on demand conditions, which at the present time are relatively low.

THE GENERAL COMMODITY PRICE LEVEL

Commodity prices continued to decline during February and during the first part of March. According to the Annalist index of wholesale prices, the average of representative commodities was 135 for the first week of March, compared with 138 for the first week of February and 147 a year ago. Each of the major groups of commodities included in the index showed declines during this period, in continuation of the downward tendency in evidence since last summer.

The recent declines in both agricultural and nonagricultural prices while in part due to supply conditions in important commodities also reflect the business situation in the United States and the general decline in commodity price levels in most important countries. During the past few years commodity price indexes abroad have been gradually declining. Since last September they have fallen as much as 5 per cent in such countries as England, Germany, Italy and Japan.

In the United States the general commodity price level has also shown a downward tendency since 1925, largely as a result of progressively lower levels of nonagricultural prices.

BUSINESS CONDITIONS

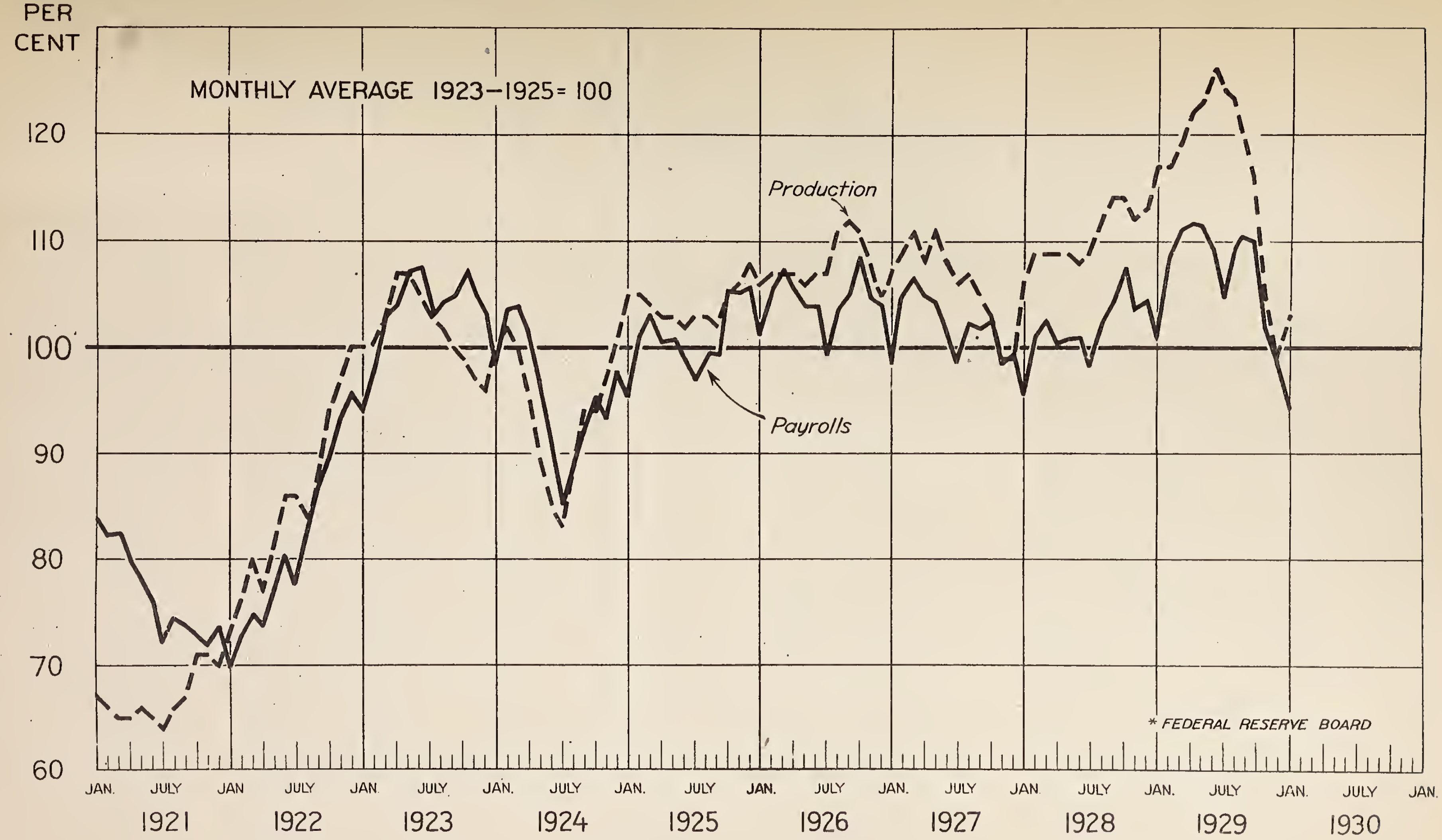
Industrial production in February averaged somewhat higher than in January, but general business activity as indicated by car loadings and employment has not advanced materially from the relatively low level for the entire month of last December. It is not yet evident, therefore, that the upward trend in business following the recent decline has yet set in.

During the first half of February steel and automobile production continued the expansion from the low levels reached in December, but production declined somewhat toward the end of the month and in the first week of March. Building contracts awarded failed in February to maintain the slight gain of January and the distribution of goods by rail failed to show the usual seasonal advance, so that car loadings were below the January level. Employment in factories continued to pick up week by week during January and the early part of February but in the last half of the month declined somewhat, contrary to the usual seasonal tendencies. The general level of factory employment in February remained at the low level reached in January. The general situation in business activity is roughly indicated in the accompanying figure where the index of the volume of production of manufactures and of mining may be taken to represent business activity in general; and the index of factory payrolls may be taken to represent the current money incomes of factory wage earners. The February indexes are not yet available, but the February index of production may be somewhat higher than that of January and the index of payrolls may show the usual or somewhat less than the usual seasonal advance. To this general picture should be added the fact that the prices of both agricultural and nonagricultural commodities have continued downward to date and that in the past they have corresponded closely with business activity. Interest rates have declined still further in February and at present they reflect the falling off in demand for credit from business and commercial sources, but they may be laying the ground work for an eventual revival in business activity. This declining demand for credit is also reflected in a decline in bank loans for commercial purposes during February when usually they advance. Another factor which may tend to restrain the beneficial influences of cheap money is the decline in agricultural prices which is tending to lower the money incomes of farmers below their incomes at this time last year. Industrial stock prices have continued their recovery from the low point of last November.

WHEAT

The world's supply of wheat as of March 1 was probably about 200 million bushels less than the supply available a year ago but a reduction in demand and a world-wide decline in the general price level have depressed prices below the level of a year ago when the supply was unusually large. The amount of wheat remaining in the United States is probably a little larger but the surplus in the Southern Hemisphere is considerably less than a year ago. The areas seeded have been reduced in some foreign countries and average yields would result in smaller crops in North Africa and some European countries but larger crops in Canada and Argentina. The April 1 condition of the wheat crop in the United States probably will be an

INDEXES* OF PAYROLLS IN MANUFACTURING INDUSTRIES AND INDUSTRIAL PRODUCTION. MONTHLY, 1921–1930



ACCORDING TO THE INDEX OF INDUSTRIAL PRODUCTION, WHICH INCLUDES PRODUCTION OF MANUFACTURES AND OF MINERALS, BUSINESS ACTIVITY THROUGHOUT THE UNITED STATES RECOVERED SOMEWHAT IN JANUARY FROM THE LOW POINT REACHED IN DECEMBER OF 1929. THE INDEX OF PAYROLLS OF MANUFACTURING INDUSTRIES, WHICH USUALLY IS LOWER IN JANUARY THAN IN THE PRECEDING FALL MONTHS, WAS LOWER IN JANUARY OF 1930 THAN IN ANY JANUARY SINCE 1925, AND INDICATES THAT THE BUYING POWER OF CONSUMERS WHO DEPEND ON FACTORY WAGES IS NOW AT A RELATIVELY LOW LEVEL. (INDEX OF PRODUCTION IS ADJUSTED FOR THE USUAL SEASONAL CHANGES; INDEX OF PAYROLLS IS NOT SO ADJUSTED)

important factor in the market during the next two or three months. Easier credit and stabilization of the general price level will eventually result in a stronger demand for wheat.

The farm price of wheat in February averaged 101 cents per bushel, 6 cents lower than in January and 3 cents lower than a year ago. Market prices continued to decline during the last two weeks of February, dropping from an average of 119 the week ended February 15 to 114 the week ended March 1.

The world's supply of wheat as of March 1 was smaller than on March 1 a year ago. Supplies remaining in the United States were a little larger than a year ago, but Canadian supplies were smaller and the supplies in the Southern Hemisphere countries much smaller. It is probable that the supplies available for export and carryover in all the surplus producing countries were about 175 million bushels smaller than a year ago. The available supply of wheat in Europe is probably somewhat less than a year ago. Germany has a smaller supply and France probably a larger supply. The Balkan countries marketed early and the surpluses in those countries now are probably smaller than a year ago.

The wheat stocks on farms March 1 in the United States are estimated to be about 129 million bushels as compared with 151 a year ago. Wheat has been disappearing from terminal markets at a fairly rapid rate since the last week in October, having been reduced by about 44 million bushels, but the visible supply is still 32 millions in excess of a year ago. The stocks in mills and private elevators also may be somewhat larger than a year ago, making the total supply on hand March 1 slightly larger than a year ago.

The exports of domestic grain from the United States to March 1 were less than in the corresponding period of a year ago, but the reduction in imports leaves the net export in excess of a year ago. Imports for milling in bond to March 1 amounted to only 5 million bushels as compared with 15 a year ago. The net exports of wheat and flour in terms of wheat amounted to 109 million bushels, compared with 106 million a year ago. In both years the exports for this period have been small in relation to the surplus, leaving a large quantity to be exported during the remainder of the season and carried over into the next season. In the past few weeks exports have been averaging higher than last year. The total wheat and flour exported from January 1 to March 1 amounted to 20 million bushels compared with 16 million a year ago. With the supplies available in the Southern Hemisphere during the next few months much smaller than a year ago, the United States may find an opportunity to export more than last year in the next three or four months, but a large amount would have to be moved to reduce the carryover to a normal basis.

The foreign demand for our wheat continues disappointingly weak. Apparently the deficit countries are continuing to buy on a "hand to mouth" basis. Stocks at foreign ports except British ports are only moderate. The United Kingdom has accumulated relatively large supplies at ports, but they are now being reduced. Reports indicate that some of the European countries must begin buying more freely before the end of the season. Under present conditions they will not buy supplies very far in advance of

immediate needs and the carryover of old wheat in importing countries at the end of the season is likely to be small.

Crop reports are now becoming an important factor in the wheat market situation. It is too early to make very definite estimates of probable production in the coming season. Areas seeded in countries reported to date are slightly less than in the same countries a year ago. Several of the European countries have reduced their wheat areas but the total reduction in Europe is not likely to be large. The conditions of the growing crops are generally reported to be fair to good but it hardly seems likely that European crops outside of Russia will be as large as in the past season. The same may be said of the crops of North Africa. India is beginning to harvest a new crop. Reports to date indicate that the area may be slightly smaller but yields may be slightly better than a year ago. It is not likely however, that the crop will be large enough to provide an exportable surplus. At the most, it will take India out of the market for wheat from other countries and small amounts may be shipped early in the season.

An announcement of the Federal Farm Board, Thursday, March 6, contained the following:

> "The Grain Stabilization Corporation will continue buying wheat at the market and remove from the market whatever additional quantity that may be necessary to relieve the pressure and prevent any considerable decline in wheat prices. The Farm Board is prepared to advance to this farmers' organization whatever funds are necessary for that purpose.
>
> " ... The Stabilization Corporation is prepared, and expects, to take delivery of all grain purchased on futures contracts and merchandise it as the market conditions will permit."

RICE

Prices of rough rice in the southern belt advanced from $3.75 to $4.50 per barrel from January 20 to March 1. During the same period fancy Blue Rose milled rice prices increased from 3.88 to 4.38 cents per pound. This rise, however, was not fully reflected in northern markets. The increase in rough rice prices was proportionately greater than the concurrent rise in cleaned rice prices, consequently cleaned rice prices are at present somewhat out of line with prices of rough rice.

Cleaned rice prices are expected to remain around present levels the next few weeks. The prices of rough rice for the remainder of the crop year, are likely to be influenced by certain local factors such as the distribution of rough as between milling areas and the closing of some mills for the season.

Exports of American rice during February were less than for January this year and less than for February 1929. The decrease thus far this year is about normal for the price advance. Shipments to Porto Rico during February were relatively small, due in part to advances in prices and in part to relatively low purchasing power of Porto Rico. Domestic and foreign

sales combined are reported to have been a little more in February than in January but considerably more than in February 1929.

Stocks of rough and cleaned rice in millers' hands on March 1 were 2,360,083 barrels and pockets as compared with 2,354,518 barrels and pockets on the same date last year. Stocks of rough rice remaining in farmers' hands on March 1 were 575,000 barrels. This indicates that the total supply for the remainder of the season is the smallest since the corresponding period of 1925.

POTATOES

The general level of farm prices of potatoes was about the same on February 15 as on January 15, the average prices received by producers being $1.39 per bushel, compared with 60 cents a year ago. At the central markets, prices were higher during the first part of February than in January, but declines since than have more than offset the earlier advances in the northeastern markets, while prices in the North Central area have been sustained, reflecting the relatively smaller supply in that area compared with that of the Northeastern States.

Marketings as indicated by car-lot shipments were practically the same in February as in January and only slightly below the volume shipped in the same month last year. For the balance of this season it is likely that shipments of old potatoes may be at least 10 thousand cars less than the 55 thousand cars shipped last year after March 1 and this would tend to sustain prices of old potatoes around their present levels during the next few weeks. Shipments of southern potatoes from now on are generally expected to be in larger volume than last year. This would tend to prevent any such marked advance in the price of old potatoes as took place after April in the 1926-27 season unless some such falling off in the shipments of northern potatoes takes place as occurred in that year. Prices of new potatoes averaged about $4.50 per 100 pounds at New York in the first part of March.

CORN

Cash corn prices at principal markets averaged lower in February than in January, but farm prices in the middle of January were maintained on about the same level as in February. The relative strength of farm prices was probably due in part to the improvement in the quality of the corn being marketed from farms, in part to the relative strengthening of prices in deficit areas, especially in the Southern and Western States, and probably also to the failure of local sales prices even in some surplus areas to follow the downward trend of terminal market prices. While supplies are still small for this season of the year, consumption for the season to date has been somewhat below average. The recent decline in market prices is the result of generally weak commodity markets, the decrease in consumption, and the low prices of Argentine corn. However, commercial stocks are now low. These stocks ordinarily reach their peak in March or April and should

they begin to decline, that fact would probably strengthen the market within the next few months.

The United States average farm price of corn as of February 15 was 77.4 cents per bushel, compared with 77.3 cents for January 15 and 86.8 cents for February 15, 1929. From January 15 to February 15 there were small declines in farm prices in the North Atlantic and North Central States, while in the South Atlantic, South Central and Western States there were small increases. At the principal terminal markets, prices of cash corn averaged lower in February than in the preceding month. No. 3 yellow at Chicago averaged 81.8 cents per bushel in February compared with 85.1 cents in January, while all classes and grades at five markets averaged 75.9 cents per bushel in February against 77.7 cents in January. Though the decline in prices was not steady, the general trend was downward during February. From a level of 87.0 cents per bushel the middle week of January, the price of No. 3 yellow corn at Chicago declined to 82.9 cents the first week of February, 80.2 cents the last week of February, and the first week of March averaged 79.4 cents per bushel.

Farm stocks as of March 1 are estimated at 989 million bushels compared with 1,021 million a year ago and an average of 1,077 million for March 1 of the five years 1924 to 1928. Commercial stocks, while increasing slowly, continue to be relatively low, amounting to 26.3 million bushels at the close of the week ended March 8, compared with 37.6 million on the corresponding date of 1929, 48.2 million in 1928 and 49.8 million bushels in 1927. Total supplies as of March 1, including farm stocks and Bradstreet's visible, amounted to 1,014 million bushels compared with 1,058 million a year ago and an average of 1,115 million bushels on that date of the five years 1924 to 1928.

Reported wet process grindings for the months November to February this season amounted to 26.7 million bushels compared with 31.2 million for the corresponding period of last season and an average of 26.2 million bushels for the five preceding seasons. During February such grindings amounted to 6.6 million bushels against 8.7 million in February 1929 and an average of 7.1 million bushels for that month of the five years 1924 to 1928. Total disappearance of United States supplies, including domestic disappearance and exports from November 1 to March 1 of this season amounted to 1,689 million bushels compared with 1,817 million last year and an average of 1,752 million bushels for the five corresponding periods of 1923-24 to 1927-28.

From a consideration only of the supplies of corn and other feed grains and of feed requirements, it would appear that prices should be somewhat above present levels. However the business situation and the general grain market situation both have had an adverse effect upon corn prices. In addition the large 1929 feed grain crops of Europe and the consequent low prices of Argentine corn have resulted in the threat of imports from Argentina. The business situation has resulted in checking speculative activity and most of the speculative commodity markets have suffered from depression. Further, the depression appears to have resulted in a decline in the demand for corn products and hence of corn. The drop in butterfat prices, which is in part the result of the business situation, appears to have had especial significance in decreasing the demand for corn in the dairy States.

HOGS

The seasonal rise in hog prices which had been underway since late November was checked the third week in February. The average price at Chicago that week was $10.83 compared with $9.02 for the low week of the winter. Last winter prices advanced from $8.50 in mid-December to $11.65 the third week in March.

A gradual recession of 50 to 75 cents since February 22, in which prices of heavy hogs have made the greatest decline, has been followed by a slight recovery the second week in March. Prices for the past two weeks however, have been from 50 to 75 cents below the levels of a year ago. During most of the winter they were about this much above last winter's prices. The response of the hog market to recent supply conditions indicates that prices are likely to continue near current levels for the next few weeks and then begin the seasonal decline that usually starts in late April when increasing supplies of hogs from the fall pig crop reach market.

The February average price of hogs at Chicago was $10.67, or 9.1 per cent higher than that of the preceding month, and 4.7 per cent above that of February last year. Measured by the usual relationship between supply and price during recent years, the demand for hogs this season has hardly been up to the level of last winter. Federally inspected slaughter in February was about 10 per cent less than in February last year, the numerical decrease amounting to more than 443,000 head. This added to the decrease up to the end of January makes a total reduction of 1,691,000 hogs, or 7 per cent, for the first five months of the current hog marketing year which began with last October. With 7 per cent fewer hogs marketed, the average price paid in the past five months was only about 4 per cent higher than that of last winter.

Although prices of fresh pork advanced during February, this product was forced to meet greater competition from increased supplies of lamb and poultry, both of which are selling at much lower prices than a year ago. Prices of cured products changed but little during February at New York, but made a fair advance at Chicago. With the exception of lard, prices of all hog products early in March were higher than a year ago.

March slaughter supplies are expected to be as large as or larger than those of March last year. Supplies during the middle of March last year were reduced sharply by weather conditions which restricted shipments to market. In consequence, the monthly slaughter was relatively small, being less than the total for April which is very unusual. Conditions affecting shipments in March last year are not likely to be repeated this season and marketings for the month to date indicate a slaughter fully as large as last year. Marketings during the spring months, based on indicated supplies and their distribution, probably will not be greatly different from those of the same period last year, although a slight increase would not be unexpected.

The storage situation continues more favorable than a year ago, although a larger proportion of the February production from inspected slaughter was placed in storage than in February last year. Stocks of pork, amounting

to 783.7 million pounds on March 1, were 17 per cent less than a year earlier and 1.5 per cent less than the 5-year average. Lard stocks, amounting to 112.7 million pounds were 35.2 per cent smaller than on March 1, 1929 and 6.1 per cent less than the 5-year average.

The export situation shows no indications of improvement. Exports of pork in January were practically the same as in January 1929. Exports of lard decreased 18.5 per cent. Hog and feed prices in Europe are reported as continuing favorable for increasing hog production, and this favorable relationship is expected to be reflected in increased European hog supplies later in the year.

Heavy hogs have been selling at a greater discount below lighter weights than last winter and the margin has been widening in recent weeks. Since the relationship between corn and hog prices is becoming more favorable as corn prices decline there is a tendency to feed hogs to heavier weights.

With the storage situation stronger than a year ago and no material increase in supplies over last year indicated, the level of hog prices during the next few months will be determined largely by developments in the industrial situation.

CATTLE

The cattle market during February was steady to strong, the country demand for unfinished cattle being one of the strengthening factors. The country demand for cattle usually strengthens the price of lower grade beef steers until the end of May. While the slaughter cattle market was also fairly strong in February, the wholesale beef market showed tendencies of weakness, and there were indications that killers had difficulty in moving supplies at prices in line with live costs. Indications point to increasing supplies of fed cattle in the second quarter of the year.

All grades of beef steers at the close of the month were a little higher than at the end of January. Prices of such cattle advanced during the first two weeks of the month and declined somewhat during the latter part of the month. This decline was more than regained during the first week in March. Prices of butcher cattle fluctuated more than did beef steer prices with a rather sharp break in prices of lower grade cows and heifers after the middle of the month. Most of this decline was regained during the first week of March.

In most years the cattle market during February is rather weak, with the trend of prices of most kinds of slaughter cattle downward. In view of the general weakness of prices of other commodities, especially of many farm products, during February, the strength in the cattle market is rather unusual and not easily explained. Supplies of cattle were heavier in February this year than last. Receipts at seven leading markets were 6 per cent larger, but because of the heavy outshipments of stocker and feeder cattle, inspected slaughter was 1 per cent smaller than a year earlier and 15 per cent below the 5-year February average.

Compared with February last year the prices of all grades of beef steers were higher, but prices of butcher cattle except well finished heifers were somewhat lower. The average cost of cattle slaughtered was probably but little different for the month in the two years. While supplies of choice steers at Chicago for the month were below February 1929, the supply of good steers was larger and the average price was 78 cents higher.

One supporting situation in the cattle market has been the broad country demand for unfinished cattle. The shipments of stocker and feeder cattle from 12 markets into seven leading feeding States were 70 per cent larger in February this year than last and for January and February were nearly 50 per cent larger. The average price for such cattle in February this year was as high or higher than last year. This demand can be ascribed to the prevailing low prices of feed grains and to growing confidence of cattle feeders in the cattle situation as fat cattle prices have continued at a level resulting in profitable returns from winter feeding operations.

BUTTER

Butter prices usually begin a seasonal decline in April, but the recently increased consumption at lower retail prices will probably retard this decline and its extent will largely depend upon spring pasture conditions which cannot now be foretold but would have to be unusually good to be as favorable to heavy production as those of last year.

The price of 92 score butter at New York was 36.5 cents on February 1 and the month closed with a price of 34.5 cents. The decline came principally from the 17th to 25th. Prices rose during the first week in March and were 36 cents on March 6. The average price for February was 35.7 cents, compared with 36.6 cents in January and 49.9 cents in February 1929.

The average price to producers for butterfat for the United States on February 15 was 35.4 cents, 12.4 cents below the corresponding date in 1929. Prices to producers were lower than on January 15 in nearly all States except in the centralizer area and the far west where prices were slightly higher. The depression in butterfat prices as compared with a year ago continues less severe in the North and South Atlantic States than in other sections but the discrepancies between regions are less marked than a few months ago.

Receipts of butter at the four principal markets during February were 46,411,000 pounds compared with 46,646,000 pounds in February 1929 and 44,422,000 pounds for the 5-year average. Cold storage holdings on March 1 were 46,513,000 pounds, an excess of 34,603,000 pounds over March 1, 1929.

Production of butter appears to be about the same as for the corresponding period of a year ago. In the principal creamery butter producing section it is somewhat above a year ago, but this is largely offset by materially lower production in the centralizer territory. The amount of

butter made by condenseries and milk plants seems to be decreasing. Despite the continued low level of business activity, consumption has increased, largely as a result of the lower level of retail prices reached early in January, apparent consumption being 1.2 per cent larger in January this year than last. This increase has apparently been continued during February. Retail prices of tub butter in chain stores in New York averaged 39 cents for the last week of February compared with 55 cents a year ago.

EGGS

With the heavy consumption resulting from low retail prices, the demand for eggs for storage will probably neutralize the effect of seasonally heavier receipts, which reach a peak in April or May. Egg prices during the remainder of March and April therefore are not likely to change materially from their present levels.

During the first half of February prices of the better grades of fresh eggs at New York advanced materially under the influence of low receipts, but broke sharply in the latter half of the month when supplies increased. Fresh extras rose about 9 cents by February 15, being nearly 48 cents, but fell to less than 30 cents by the end of the month. The average price was 39.0 cents, about 6 cents below a year ago when they averaged 30 cents in April and 33 cents in May. Both Pacific Coast extras and nearby closely selected extras averaged about 42 cents, or nearly 3 cents below a year ago.

Receipts at the four markets during February were heavier than last year, being 1,043 thousand cases as compared with 769 thousand. The 5-year average for February is 1,059 thousand cases. Nearly all of this increase over last year occurred in the latter part of the month and has continued into March. Storage holdings were 84 thousand cases on March 1 as compared with 11 thousand last year and a 5-year average of 53 thousand cases. In view of larger supplies and lower prices, storage stocks are likely to increase more rapidly than last year.

POULTRY

The farm price of chickens rose from 19.8 cents on January 15 to 20.4 cents on February 15, or 1.7 cents below last year. This is the usual seasonal advance. While some further seasonal advance is expected during the spring months, it will probably not be as great as last year since storage stocks are large and other meat prices are low.

Receipts at the four markets during February were 23.8 million pounds as compared with 32.2 million in January. This is about 22 per cent more than February 1929 and 25 per cent more than the 5-year average. At this time of the year receipts are declining and are a small proportion of the annual total.

Storage holdings are the largest on record for March 1 being 133.1 million pounds as compared with 89.1 million last year and a 5-year average

of 109.6 million pounds. About 68 million pounds of this total is made up of broilers, fryers and roasters, while on March 1, 1929 there were only 50 million pounds of these classes of poultry. There are 17 million pounds of frozen fowls as compared with 8 million last year. Early reports from hatcheries indicate a material increase of chicks hatched during January and February compared with the same months last year.

LAMBS

The lamb market continued weak during February and prices continued downward during most of the month. During the last week of the month the bulk of fat lambs at Chicago were selling from 10 to 10.5 cents with the top on choice light weights at around 11 cents. The dressed lamb market was also weak and declining during the month as the trade was readjusting itself to distributing the increased supplies. By the first week in March this readjustment was made and some improvement in wholesale prices and a better clearance was reported. This was reflected in some improvement in live lambs.

Supplies of sheep and lambs during February were large. Receipts at seven leading markets were 13 per cent larger than in February 1929; inspected slaughter was 24 per cent larger as compared both to February 1929 and the 5-year February average and was the largest for the month on record. The proportion of heavy weight lambs (over 94 pounds) tended to decrease during the month, while the proportion of unfinished lambs tended to increase. While the movement of lambs from Colorado and western Nebraska was relatively heavy during February, the number left on feed March 1 was estimated at 1,640,000 head compared to 1,210,000 head at that date a year ago. The movement of feeding and shearing lambs from 12 markets into the leading Corn Belt feeding States during February was 9 per cent smaller than in February 1929, and such shipments into the Colorado feeding area were very small. Supplies of fed lambs during the next two months will continue large. Reports from nearly all of the leading early lamb States indicate that the crop of early spring lambs was at least as large as last year, with growing conditions in most areas up to March 1 better than last year. Arizona and California spring lambs will probably be moving to middle western markets in considerable volume by the middle of April. Contracting of early lambs has been on a very limited scale to date as buyers' and sellers' ideas of probable prices have been far apart.

WOOL

Following the drastic declines in January, wool prices have been more stable, although further declines occurred in prices of medium grades of wool. Domestic wool consumption in January rose somewhat, but was considerably below that of last year. Imports are also lower than last year, and the margin of domestic over foreign prices has decreased, but it is still wide. The foreign wool textile situation is about the same as in previous months and there have been no significant developments in foreign wool prices but tops prices are lower. Shipments of wool from Australia for the last six months of 1929 were considerably below those of the previous two years, showing the effect of Australia's policy of retarding the marketing of wool from the 1929 clip, a policy adopted to help stabilize wool prices.

Fine and coarse wools at Boston have held about steady since the early part of February, but 48s-50s, 56s and 58s-60s have made further declines. Prices of these wools have been unusually high compared with prices of fine wools, so that these changes have been in the direction of more usual relationships. On March 8, 56s (3/8 blood) Territory combing wools at Boston sold for 67.4 cents scoured and 64s-70s-80s sold for 79 cents whereas on December 1, 56s sold for 86 cents and 64s-70s-80s for 88 cents per pound. Prices of foreign wool in bond at Boston remained practically unchanged from February 8 to March 8. In foreign primary markets there have been no new developments except for some further declines in New Zealand and South Africa and slight increases on some fine wools in Australia but Bradford tops prices again declined in the first week of March. The United States farm price of wool on February 15 averaged 25.9 cents compared with 35.9 cents a year ago.

Consumption of wool in the United States rose from 33 million pounds in December to 39 million in January compared with 40 million in December 1928 and 48 million in January 1929. Imports of combing and clothing wool into Boston, New York and Philadelphia, from January 1 to March 1 totaled 15 million pounds this year and 33 million last year.

The tops trade in Bradford is reported limited but some improvement has occurred in the worsted trade although that too is low. Bradford reports sales for the British market below normal, and for the foreign market to be moderate and against keen competition.

The efforts of Australia to hold back wool from the declining markets have resulted in shipments from July 1 to December 31 being 12 per cent below 1928 and 17 per cent below 1927. The Australian clip plus their carryover at the beginning of the season, however gave a total supply for the 1929-30 season practically the same as for 1928-29 and larger than for 1927-28.

COTTON

Cotton prices broke sharply the last week in January, and except for temporary reactions, continued downward through February and into March when they reached the lowest levels, which were the lowest since the 1926-27 season. Exports in February were below those of last year, as they have been every month of this season except October, and the decline in exports from January to February was greater this year than last. The lower domestic consumption and export movement this season have left larger stocks in this country. Abroad the stocks of American cotton are low but stocks of foreign growths are larger and their prices are low compared with prices of American cotton. According to reports of the International Cotton Federation, world consumption of American cotton for the first half of the season was less for this season than last but the consumption of other growths was greater. The cotton textile industries in foreign countries are, on the whole, in about the same position they have been in recent months, some minor improvements taking place in Europe, but the opposite being true for Japan. The domestic situation improved slightly in February.

On March 10 middling cotton at the ten spot markets averaged 13.67 cents per pound, the lowest price since April of the 1926-27 season when

the supply of American cotton was more than 4 million bales greater than for the present season. For February the price averaged 15.52 cents compared with 18.04 cents for August and 18.86 cents for February 1929. The farm price on February 15 averaged 14.8 cents compared with 15.8 cents for January and 18.0 cents for February 1929.

Exports of cotton for the season to March 1 totaled 5,293,000 bales, 897,000 less than for the corresponding period of last season. Exports for February amounted to 402,000 bales against 613,000 for February 1929. February exports to continental Europe were 78 per cent as large as last February, those to Japan were 46 per cent, and those to Great Britain were 50 per cent as large as in February 1929. There has been more foreign cotton imported into Europe this season than last, and recently Japan has turned to Indian, taking 72,000 bales more, according to the Commercial and Financial Chronicle, from January 30 to February 27 this year than last.

Cotton consumption in the United States in February amounted to 495,000 bales, compared with 595,000 bales last February. The rate of consumption, was slightly lower than in January but higher than in December. For the season to March 1, consumption totaled 227,000 bales less than last season, whereas up to November 1 it totaled 110,000 bales more than for the same period of last season. In other words, the curtailment in consumption since November 1 has amounted to 337,000 bales as compared with corresponding months of last year.

World mill consumption of all cotton as reported by the International Federation of Cotton Spinners' and Manufactures' Association totaled 13,202,000 running bales for the six months ended January 31, 1930, an increase of 430,000 bales over the consumption of 12,772,000 bales for the corresponding period last season. The consumption of American cotton, however, was 7,083,000 running bales, a decrease of 530,000 bales under the 7,613,000 last season. The 502,000 running bales of Egyptian cotton consumed represented an increase of 5,000 bales; the 2,985,000 running bales of Indian, an increase of 411,000 bales; and the 2,632,000 running bales of other growths, an increase of 544,000 bales over those for corresponding periods last season.

Lower United States consumption and exports, together with a slightly larger supply at the beginning of the season have resulted in larger stocks of cotton remaining in this country now than last year. On March 1 the apparent stocks of American cotton remaining in the United States amounted to 8.1 million bales compared with 6.8 million last year.

World mill stocks of all cotton on January 31, 1930 totaled 4,931,000 bales compared with 5,257,000 a year earlier, according to the Cotton Federation. Since American mill stocks totaled 1,830,000 bales against 1,768,000 last year, foreign mill stocks were 11 per cent smaller than on January 31, 1929. World mill stocks of Indian, Egyptian and Sundries totaled 2,189,000 running bales, a decrease of 110,000 bales, and mill stocks of American cotton totaled 2,742,000 running bales, a decrease of 216,000 from the figures of last year. United States mill stocks of American cotton totaled 1,735,000 bales on January 31, 1930 against 1,697,000 on January 31, 1929. Foreign mill stocks of American cotton therefore were 1,007,000 bales this year and

1,261,000 last. The Commercial and Financial Chronicle reported stocks in European ports and afloat for Europe on January 31, 1930 at 1,749,000 bales against 2,214,000 last year. Foreign mill stocks and European port and afloat stocks of American cotton were therefore 719,000 bales less than last year. A similar calculation for other growths shows an increase of only 100,000 bales, so that the increase in stocks of foreign cotton in these locations failed by a considerable margin to offset the decrease in American.

Conditions in the cotton textile industries of European countries have made only moderate changes recently. Conditions are still unsatisfactory in central Europe, but in France and Italy there has been improvement from the slight falling off of the past few months. The more favorable credit situation in France is enabling its mills to compete more favorably in central Europe. In Great Britain there has been some improvement in the exports of cotton piece goods and yarn but they are still below last year, and the lowering in interest rates appears not to have greatly affected the domestic situation as yet. The fall in silver exchange and rise in the yen is hampering Japan's textile trade and making it more advantageous to buy Indian cotton.

There was an improvement in both sales and production of cotton cloth in February as compared with January, according to the Textile Institute, but the levels were below those of last year. Weekly average production rose from 64.7 million yards in January to 66.7 million in February compared with 73.2 million in February 1929 and the weekly average sales rose from 58.4 million in January to 70.0 million in February compared with 85.2 million in February 1929.

UNITED STATES DEPARTMENT OF AGRICULTURE
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THE PRICE SITUATION, APRIL, 1930

FARM PRICES

The general level of farm prices declined sharply during the first three weeks of March and since then has made a moderate recovery. From an average of 131 on February 15 the index of prices received by producers declined 5 points to 126 or 10 per cent below the level of last year and about as low as it was in the first part of 1927. Practically all farm products shared in this general decline, wheat prices declining to pre-war levels and egg prices showing more than the usual seasonal decline. Among the commodities not included in the index, prices of milk cows declined another $4.00 per head to a level of $12.00 below the prices of last March, and horses and mules advanced seasonally, but less than last year. In the recent recovery, marked advances have occurred in grain, cotton, potato, butter and apple prices, but prices of cattle, hogs, lambs and wool continue low. The present level of farm prices is consequently somewhat higher than the low level reached in March.

THE GENERAL COMMODITY PRICE LEVEL

The general level of commodity prices at wholesale markets continued to decline to the middle of March, largely as a result of much lower agricultural prices, but recently there has been a slight recovery also as a result largely of better prices for farm and food products. Nonagricultural prices on the whole have shown little change.

By March 18 the general average of commodity prices at wholesale, according to the Annalist index declined to 133.3 per cent of pre-war prices, but recovered about 1 point by April 1. The present level is approximately 11 points lower than the index of a year ago. Farm product prices fell to 126.4 on March 18 and recovered to 127.9 on April 1, compared with 144.2 last year. Food products prices remained fairly stable during March but advanced 1.6 points during the week of April 1. Textile product prices averaged lower during the last part of March than during the first half and about 14 per cent below last year's level. Metal prices remained practically unchanged during most of March but declined 1.5 points to 121.4 during the last week of the month. Building material prices and prices of chemicals are now lower than they have been in earlier months but have remained unchanged during the last three weeks of March.

The weakness in metal prices appears to reflect the continued weakness in the general business situation, while the recent recovery in agricultural prices may be attributed in part to changes in actual or prospective supplies and in part to a reaction from recent drastic declines.

BUSINESS CONDITIONS

Business activity for the month of March appears to have been somewhat lower than for February. After allowing for normal seasonal trends, industrial production averaged about 2 per cent less in March than in February, although about 5 per cent above the low point of last December. Freight car loadings of merchandise and miscellaneous goods also averaged 2 per cent lower than in February, and about 3 per cent higher than the low level of last December. Electric power consumption declined about 2 per cent, to the lowest level in six years. Factory employment on March 15 was probably no greater than in February. Activity in the building trades continued at a low level. Contracts awarded in March for residential buildings remained low, but those for public works and utilities continued to show marked improvement. In the aggregate contracts awarded for the month were about 5 per cent lower than a year ago. Toward the end of March there was an improvement in output of automobiles and steel, both of which had shown some weakness earlier in the month.

These general indexes point to a level of consumer buying power at present lower than in the preceding months and for factory employees alone about 11 per cent below that of March 1929 and 3 per cent below March 1928. The market value of meats and dairy and poultry products marketed in March was about 15 per cent less than last year.

Financial conditions during March were, on the whole, such as may be expected eventually to promote an improvement in the business situation. Interest rates declined still further, New York commercial paper rates falling below 4 per cent by the end of March. This unusually easy money situation at the central markets reflects the increased purchases of government securities on the part of the Federal Reserve System and increased stocks of monetary gold together with a continued low demand for credit for commercial purposes. So far the chief influences of the low money rates may be seen in the increased volume of building contracts awarded for public works and utilities and in the advances in the prices of bonds and industrial stocks.

WHEAT

The world wheat supply situation has not changed materially in the past month, but the world market situation has improved. The shortage of the Argentine crop is beginning to be felt. Supplies in the United States continue large and the carryover of wheat in this country on July 1 may be about as large as on July 1, 1929. Should the April forecast of winter wheat production be borne out, the surplus of hard winter wheat may be about the same as at the beginning of the present season. However, with supplies in Argentina much less than a year ago, there should be a better opportunity than last year for exporting wheat of both the old and new crops in July and August. A good export movement in these months would tend to prevent congestion in the domestic markets in the period of heaviest marketing. It is too early to make a definite estimate of the probable world production, but areas seeded and conditions reported to date in foreign countries indicate that no bumper world crop is likely to be harvested in 1930.

The farm price of wheat as of the 15th of March averaged 92 cents per bushel, 9 cents lower than in February and 13 cents lower than in March a year ago. Market prices declined to the middle of March and then improved. The average of cash prices of all classes and grades at six markets declined from 119 cents per bushel for the week ended February 14 to 99 cents the week ended March 21. No. 2 hard winter wheat at Kansas City declined from 113 to 98 cents per bushel. Durum declined to a lower level than that of hard winter, while red spring, soft red winter and white wheats held to higher levels. The prices of futures in leading markets also fell to low levels and then rose. The closing price of May futures on March 15 at Chicago was under 107 cents per bushel and Liverpool prices under 104 cents. By April 5 the closing price of May futures in Chicago had risen to nearly 116 cents per bushel and Liverpool reached nearly 120 on April 4. Naturally these marked upward movements were accompanied by some fluctuations, marked rises being followed by recessions for a short period.

The world supply situation as of the first of April had changed but little from that at the beginning of March. Exports from surplus producing countries continued on a low level. Shipments from Argentina have continued moderate, while the shipments from the United States have been maintained about on a level with the small shipments of a year ago.

Visible supplies in the United States and elsewhere have continued to decline but are still large. Foreign demand continues weak but with prospects of improvement.

It seems likely that the world stocks of old wheat in surplus producing countries and afloat on July 1 will be about 125 million bushels less than at the beginning of the present marketing season. Unless exports increase materially in the next two months, the carryover in the United States is likely to be about as large as a year ago. The carryover on farms may be smaller but the visible supply and holdings of interior mills and elevators may continue larger than a year ago. Stocks in Canada, however, may be somewhat less and in Argentina materially less than a year ago. Judging from present tendencies it would seem that the amount of wheat afloat is likely to be smaller, the stocks in some European countries lower and in European ports no larger than a year ago.

Areas seeded in countries reporting to date total 131,882,000 acres, which is 99.6 per cent of a year ago. India is beginning to harvest a new crop which may be somewhat larger than a year ago. The Indian crop may be large enough to supply domestic requirements and may furnish some small export for the early part of the season. North Africa will begin to harvest soon. Fairly good conditions have been reported to date, with some prospect of loss from drought and locusts. It hardly seems likely that North Africa will harvest as large a crop as a year ago. The conditions of crops in Europe are reported to be fairly good, but the outturn in most countries is of course still quite uncertain. It still seems hardly likely that the European crop outside of Russia will equal that of each of the past two seasons. Moisture conditions in Canada appear to be better than a year ago, indicating a possibility of better yields. Private reports, however, indicate some reduction in acreage which may partly offset any increase in yields.

The condition of winter wheat in the United States as of April 1 indicates that the abandonment will be about the average of 11.8 per cent and a crop of about 550 million bushels. Should farmers carry out their intentions to reduce spring wheat acreage, average yields probably would result in a crop of about 250 million bushels of spring wheat. The total crop in the United States then would be slightly less than that of a year ago.

The condition of winter wheat in the several States indicate a material reduction in soft red winter wheat but the maintenance of the hard red winter wheat crop. An analysis of the figures by States indicates a soft red winter wheat crop of only about 169 million bushels, as compared with 191 million produced in the past season and an average of 180 million in the past five years. Since only very small amounts have been exported from the crop of the past season, it is likely that the smaller crop indicated by April conditions would not result in an exportable surplus of soft red winter wheat. The result would be the maintenance of prices of soft red winter wheat above those of hard red winter wheat, of which there would be a surplus for export.

RICE

Since the first of March prices of southern rice have remained practically unchanged, partly because an abnormal proportion of the relatively small supply was in millers' hands on March 1. During March the disappearance of mill stocks was relatively large and stocks as of April 1 are reported to be lower than for any year since 1927. Total remaining supply (stocks in both millers' and farmers' hands) is less than for the corresponding period of any year since 1925, and only about 70 per cent of the total remaining supply on April 1, 1929. Prices in April 1929 were about one half cent per pound under present levels. The relatively small size of the remaining supply of rice indicates that prices of southern rice may advance some during the next few weeks. The downward trend of prices of other commodities may have some influence on rice prices. Probably, however, present prices do not adequately reflect the small supplies available for the remainder of the season.

Exports of rice during March were considerably less this year than for March 1929. Exports for the period August 1 to April 1 have been about 24 per cent below the 221 million pounds exported during the corresponding period last year. Shipments to Porto Rico for the crop year to April 1 have fallen behind those for the corresponding period last year by about 10 per cent. Total distribution, however, to April 1 this year has been greater than for the corresponding period of any year for which records have been kept.

Prices of California rice are expected to remain around present levels until exports improve. Exports of California rice have been relatively low thus far this season, but exports of this variety are usually heavier during the last part of the crop year than during the first part. Shipments to Hawaii, however, for the crop year to April 1 have been above those for the corresponding period of any previous year.

POTATOES

The general average of farm prices of potatoes on March 15 at 137 cents per bushel was 2 cents lower than on February 15 and compares with 58 cents on March 15 a year ago. The moderate decline for the country as a whole represents an 8 per cent decline in the North Atlantic States where shipments have been very large and a 3 per cent decline in the East North Central States which more than offset advances in other areas.

At the central markets, prices declined to the middle of March and then advanced moderately during the last half of the month and markedly during the first week of April. At the present time, prices at Chicago are about 50 cents per 100 pounds higher than on March 15. This recent advance is apparently related to a marked change in crop prospects in the Southeast where large acreage increases in Florida and other early producing States have until recently pointed to the possibility of unusually heavy shipments in competition with old potatoes. It is now estimated on the basis of unusually heavy rains in March, that greatly reduced yields in Florida will nearly offset the increased acreage so that production may not be much greater than that of last year. Whether or not the recent advance in old potato prices will continue to be sustained will depend on the volume of merchantable stock of both old and new crop potatoes and the rate at which they are marketed. The recent price advance came about a month earlier than that of the spring of 1927 when an unusually light volume of old crop potatoes was shipped to the central markets and reports of damage to the new crop then carried prices to a peak by the middle of May. In the spring of 1926, following the very light crop of 1925, prices advanced to the end of March and then declined throughout April and May.

Those who are considering whether to market their old crop potatoes at present improved prices or to wait for a still better market in May should bear in mind that the April and May markets for old potatoes are highly erratic because of the great uncertainties as to market supplies of both old and new potatoes and that a fairly strong market in April is not in itself an assurance of still higher prices in May.

The prospects for prices of new crop potatoes are in part dependent on the prices of old potatoes from now on and to a large extent on the volume of marketings of early potatoes. During the first part of April shipments from Florida and Texas have been somewhat larger than those of a year ago. The trend of new potato prices may be expected to be downward as the volume of marketings from the Southeast increases seasonally unless an unusually high price for old potatoes develops in the next few weeks as happened in May of 1927. Such a development which tended to check the normal decline in new potato prices between April and June has occurred only once in the past nine years.

Cash corn prices averaged lower in March than in February, largely as a result of the sharp decline which took place about the middle of March. The decline was followed by an equally sharp recovery and during the latter part of March and early April prices were back to about the levels of early March and February. Though a substantial improvement from present levels may not occur immediately, conditions seem to favor a strengthening market before the end of the season. The extent of the improvement may be limited, however, by importations from Argentina.

Farm prices for corn as of the 15th of the month were lower in March than in February, the United States average being 74.5 cents per bushel for March, compared with 77.4 cents for February and 88.7 cents for March 1929. Declines were registered in almost all of the Northern and Western States, while there were increases in most of the South Atlantic and South Central States and in some of the Mountain States. At the principal markets of the Corn Belt, cash corn prices averaged about 2 cents lower than in the previous month; No. 3 yellow at Chicago averaging 79.7 cents per bushel for March against 81.8 cents for February, and No. 3 yellow at Kansas City averaging 76.1 cents in March compared with 77.6 cents in February. The course of prices was marked by a rapid decline during the second week of the month, followed by an even more rapid recovery. No. 3 yellow at Chicago averaged 79.4 cents per bushel for the week ended March 7. The decline brought the average for the following week down to 74.3 cents, but for the week ended March 22 the average was 79.8 cents per bushel; and prices continued to improve slightly for the two following weeks, averaging 81.1 cents per bushel for the week ended March 28 and 82.8 cents for the week ended April 4.

Commercial stocks have decreased for the three successive weeks, the total decrease for the three weeks amounting to 1.7 million bushels. On April 5 commercial stocks amounted to 25.2 million bushels, compared with 37.3 million a year ago, and 46.0 million and 49.8 million on the corresponding dates of 1928 and 1927. Visible supplies indicate that market stocks on the first of April were the smallest for that date in the past ten years. Considering the size of the crop, receipts at 13 primary markets to date have been fairly large, amounting to 130.1 million bushels for the five months November to March compared with 164.4 million in the corresponding period of last year, 173.8 million in 1927-28, 111.8 million in 1926-27 and 125.8 million bushels in 1925-26. Total United States supplies of the three feed grains, corn, oats and barley on March 1 amounted to 37.1 million tons compared with 40.4 million a year previous and 37.4 million in 1928, 41.6 million in 1927 and 49.8 million in 1926.

Commercial domestic consumption (as indicated by wet process grindings and disappearance at primary markets) while below the levels of the past two seasons, appears to be fairly large. Reported wet process grindings for November to March amounted to 32.8 million bushels against 38.3 last season, 40.3 in 1927-28, 31.5 in 1926-27 and 34.3 in 1925-26. Disappearance at primary markets for the first 22 weeks of the season amounted to 44.2 million bushels this year compared with 54.2 million last year, 59.4 million in 1927-28, 40.9 million in 1926-27, and 46.2 million in 1925-26.

With domestic statistics indicating a rather scanty supply of corn and other feed grains now available, and with Buenos Aires corn futures at about 20 cents below Chicago, foreign conditions may be of more than usual importance in affecting the trend of corn prices in the United States. Conditions have been unfavorable for the Argentine crop, which is about to come to market, and the yield is thought to be low. It is still too early, however to judge prospects for the new crops of feed grains in Europe, and these prospects are likely to be significant in determining the demand for Argentine corn and the trend of Argentine prices.

Domestic crop developments will also be of importance in determining the trend of corn prices during the remainder of the season. However, supplies are probably small enough to strengthen the market before the end of the season even with a favorable development of the new crop, unless imports become an important factor. So far, however, imports have been insignificant, amounting to only 190,000 bushels from November to February. Any increase which may be made in the tariff on corn would reduce the likelihood of significant imports.

HOGS

The decline in hog prices which started in late February continued through March but was checked in early April when prices steadied and made a slight recovery. The downturn came about a month earlier than the usual spring decline and at a time when supplies were continuing to decrease, thus reflecting a much weaker demand situation than had prevailed earlier in the winter. The seasonal increase in supplies in the next few weeks may weaken the market, but it is possible that these larger supplies have already been discounted.

The March average price of hogs at Chicago was $10.17 or 4.7 per cent lower than that of the previous month and 11.1 per cent lower than that of March last year. From the third week in February to the last week in March the weekly average dropped from $10.83 to $9.69. Last year prices advanced during most of the corresponding period.

Federally inspected slaughter in March was 6.9 per cent less than in March last year and was the smallest for that month since 1925. Slaughter during the first six months of the current hog marketing year, which began with October was 7 per cent smaller than in the same period a year earlier. This represents a reduction of 1,945,000 hogs.

Wholesale prices of fresh pork in New York advanced sharply during March and the first week in April in response to the reduction in slaughter supplies. Prices are now above those of early April last year. The market for cured pork products, on the other hand, has shown some evidence of weakness. Recent prices of cured cuts are below those of a year ago and are lower than prices in February and March. Lard prices have remained unchanged at a level about 10 per cent lower than a year ago.

The storage situation continues more favorable than last year. Stocks of pork amounting to 753 million pounds on April 1 were 18.3 per cent less than a year earlier and 8.5 per cent less than the 5-year average. Lard stocks, amounting to 105 million pounds were 41.4 per cent smaller than on April 1, 1929 and 22.6 per cent less than the 5-year average.

Exports of fresh and cured pork during February were 14.5 per cent larger than in February 1929, but there was a slight decline in lard exports. The total movement of pork and lard to foreign ports therefore was only 3.7 per cent greater than in February last year. Total exports of pork products excluding lard, for the first five months of the current hog marketing year were 23 per cent larger than those for the same period of the previous year, and 18 per cent greater than those for the 3-year (1927-1929) October to February average. The same comparisons for lard exports show an increase of 0.7 per cent and 18 per cent.

Conditions in Europe point to a less favorable export situation during the next few months. Pork prices have recently declined on most of the European markets but declines in feed prices on the Continent are reported as being even greater, so the hog-feed ratio continues favorable for pork production there. This, together with a higher German tariff on pork products which became effective on April 1, will tend to make it more difficult to export pork to Germany.

Slaughter supplies of hogs in April will probably show a reduction under the larger-than-usual supplies of April last year somewhat similar to the reductions that have already occurred this year. Based on reports from nine important centers, the reduction during the first two weeks amounted to 9.6 per cent. The relatively low corn prices will probably influence some feeders to market their hogs at heavier weights and this may tend to delay the spring marketings of fall pigs. Hogs slaughtered in January and February were somewhat heavier this year than in 1929 and heavy hogs have sold at a greater discount below lighter weights than last winter. This margin showed some tendency to narrow during March, but it is still relatively wide.

CATTLE

Supplies of cattle in April and May are expected to exceed those of a year ago and it is doubtful that the movement of unfinished cattle to the country will continue at the relatively high rate of recent months. There are indications that a part at least of the country buying this year was due to the anticipation of spring grazing requirements made possible by the abundant supplies of hay and low priced feeds.

Cattle prices, after an advance during the first week of March, started to decline and reached the lowest level for the year to date the third week in March. Some recovery took place during the following week, but prices for all kinds of beef cattle were lower the first week of April than a month earlier. The price recovery was confined largely to choice beef cattle and to low grade butcher cattle. Compared to prices the first

week in April 1929, all classes and grades of cattle were lower this year except choice beef steers. Veal calf prices during March were much below March 1929, reflecting largely the low lamb prices this year.

Receipts of cattle at seven leading markets during March were 7 per cent larger than in March 1929, but 9 per cent below the 5-year March average; inspected slaughter, however, was 3 per cent smaller than in March 1929 and 14 per cent below the 5-year average. This difference between trends of receipts and slaughter was due to the continued heavy movement of stocker and feeder cattle from markets in March. The movement of such cattle into the seven leading feeding States was 45 per cent larger than in March 1929 and 21 per cent above the 5-year average. For the first three months of 1930 this movement was 47 per cent larger than last year, 15 per cent above the 5-year average and the largest in six years. The estimated number of cattle on feed for market in the Corn Belt States on April 1 this year was about 3 per cent larger than on April 1, 1929.

The finish of cattle marketed during March was apparently below last year. Receipts of choice steers at Chicago were only 30 per cent as large as in March 1929 and of good and choice combined were only about 70 per cent as large; on the other hand common beef steer supplies were 60 per cent larger. This make-up of supplies was largely responsible for the relative strength of choice cattle compared to common, and the growing premium of heavy slaughter cattle over light weights. As yet there has been little seasonal advance on low grade cattle, and if it had not been for the broad country demand for unfinished cattle prices of low grade slaughter steers, would probably have declined.

BUTTER

Butter prices have advanced sharply, but consumption, even at the recent low prices, has only slightly exceeded that of last year and storage stocks are about 25 million pounds greater. Spring production does not promise to be as great as last year, however, and prices will probably decline less than usual.

Butter prices fluctuated considerably during March and the general trend was upward. Ninety-two score butter at New York was 34 cents on March 1, reached 39.5 cents on March 18 and was 37.5 cents on March 31. The average price for the month was 37.3 cents which was 1.6 cents above the average for February and 11.1 cents below the average of March 1929. Prices have advanced since April 1 and were 38.5 cents on April 12, which was 6.5 cents below the prices on the corresponding date in 1929. Prices paid producers for butterfat on March 15 were the same or slightly higher in most parts of the United States than on February 15. In the centralizer territory, however, the advance ranged from 2 to 6 cents.

Receipts at the four principal markets during March were 53,299,000 pounds, exceeding receipts of a year ago by about 2 per cent. Cold storage holdings on April 1 were 30,503,000 pounds, which was 24,971,000 pounds greater than those of the same date last year and 21,991,000 pounds above

the 5-year average. The seasonal increase in production will shortly be sufficient to supply market requirements entirely by fresh butter. Apparently the present storage season will begin with stocks close to 20 million pounds above a year ago and a net movement into storage will begin.

Production of creamery butter in February is estimated between 1 and 2 per cent less than last year and has apparently continued at a lower rate. In the more intensive dairy sections production is close to that of last year, while in the centralizer territory it is considerably lower. It does not now appear that spring production will be as great as that of a year ago. In order for production in Minnesota, Wisconsin and Iowa to be as large as last year, it will require pasture conditions close to those early in the season last year when pastures were the best in many years. In the centralizer territory increases would have to exceed by 10 to 25 per cent the unusually great seasonal increases of a year ago. Consumption of butter is only slightly larger than a year ago, at materially lower retail prices, and will probably be somewhat lessened by the recent rise in prices.

European butter markets are still depressed by weakened demand and by continued heavy supplies from the Southern Hemisphere. The Copenhagen quotation as of April 10 was equivalent to 27.1 cents per pound or 6.5 cents lower than a year ago, and lower than 92 score in New York by 11.4 cents, an abnormally wide margin for this time of year. The new season for European production will thus open with prices already lower than at any time during the entire summer of last year. It is not probable, however, that imports of any considerable consequence will take place.

EGGS

With heavy receipts of eggs and the possibility that the present large storage holdings will have a depressing effect on the demand for storage, it is not likely that egg prices will make their usual slight seasonal rise in April and May and a small decline may be expected.

The prices of the better grades of eggs at New York during March showed little change from the levels established at the end of February. Fresh extras averaged 27.2 cents for the month, Pacific Coast extras averaged 33.4 cents and nearby closely selected extras averaged 32.0 cents. These prices are from 6 to 7 cents lower than in March 1929, though then a late winter shortage in supplies had caused abnormally high prices in the early part of the month. Prices of fresh extras during April and May 1929 were 30.0 cents and 32.9 cents respectively.

Receipts of eggs during March were 15 per cent greater than in March last year, being 1,992,000 cases as compared with 1,734,000 cases and a 5-year average of 1,803,000 cases. Though receipts will probably have passed their peak by the end of April, they are likely to continue above those of other years.

Cold storage holdings on April 1 were 2,189,000 cases as compared with 559,000 cases last year and a 5-year average of 1,125,000 cases.

Stocks this year are the highest on record for April and may tend to discourage storing at present prices. Stocks of frozen eggs were 49,787,000 pounds on April 1, compared with 34,918,000 pounds last year. The demand for eggs for breaking has probably been an important influence in maintaining prices during the past month, tending to offset the unexpected decline in apparent consumption.

POULTRY

While the seasonal advance in the farm price of chickens may continue during the spring months, it can hardly be as great as last year or on as high a level as prevailed then. Storage stocks of frozen poultry are large; hatchery reports indicate plentiful supplies this spring and summer; prices of competitive meats are low and may weaken the demand for poultry.

The farm price of chickens on March 15 was 20.6 cents, rising from 20.4 cents on February 15. The average rise for this period during the past five years has been about four-tenths of a cent. The price this March is 2.1 cents below that of March 1929, which compared with January and February prices that were 1.8 and 1.7 cents respectively below those of the same months in 1929.

Storage holdings of frozen poultry are still large, being 105.6 million pounds on April 1 as compared with 68.7 million pounds last year and a 5-year average of 87.7 million pounds.

Receipts of dressed poultry at the four markets during March were 16.4 million pounds about the same as in March 1929. Receipts will probably begin to make the usual seasonal increase soon as the low point is generally March or April. Reports from hatcheries, showing a substantial increase in numbers of salable chicks hatched as compared with last year, indicate that spring and summer receipts are likely to be on a higher level than during the same period of 1929.

LAMBS

Supplies of fed lambs in April will be larger than last year, but will not be relatively as much larger as they were in February and March. Supplies of spring lambs in April, on the other hand, will be smaller than last year. Supplies of fed lambs will probably be back to normal by the end of April and some improvement in the market situation is then to be expected.

The lamb market strengthened somewhat during the first week in March and then began to decline again. Prices reached the lowest level of the season toward the end of the month when the top price on slaughter lambs at Chicago went below $10.00 per hundred pounds. They were nearly down to the level reached in February 1921, and the average price in March was probably the lowest for the month since 1915. Feeding and shearing lamb

prices also declined to low levels the average cost of such lambs at Chicago the first week in April being $8.63 compared to $16.63 the similar week in 1929.

Supplies of lambs during March continued excessive. The inspected slaughter for the month was 36 per cent larger than March 1929 and 32 per cent above the 5-year average and the largest for the month on record. Slaughter for the first three months of the year was also the largest for the period on record. While shipments from Colorado and western Nebraska during March were very heavy, the number remaining in feed lots in these areas at the end of March was estimated at 955,000 compared to 785,000 a year earlier. The marketings of spring lambs from Arizona and California during March were small. No California lambs were shipped east and supplies at California markets were relatively small. The first Arizona lambs reached Kansas City early in April and sold for 12.5 to 13 cents, compared to upwards of 17 cents per pound for the first shipments in 1929. Feed conditions in California have become very good and there is a tendency for growers to hold their lambs to put on weight and in hopes that the market will improve. With continued favorable feed supplies eastern shipments of California lambs may be as large as last year but they will be bunched within a shorter period of time, largely from April 20 to May 20.

The early lamb crop in other areas continued to make good progress during March and marketings will probably be a little earlier than last year. The indications are that the supply of new crop lambs in April will be smaller than last year but in May and June will be larger. Supplies of fed lambs in May, however, will probably be less than in May last year.

WOOL

In the latter half of March domestic wool prices declined in response to the lower prices registered at the opening of the London Wool Sales. Recent prices have become more stable however, the London sales closing at about the opening level, and some improvement in prices occurred at the final Wellington sale on April 9.

On April 5, Boston prices for strictly combing Ohio and similar grease wools were 33.5 cents for 56s and 32 cents for 64s,70s,80s. On a scoured basis strictly combing Territory wools were 64.5 cents for 56s and 76.5 cents for 64s,70s,80s. Prices for clothing lengths of grease wools were 3 cents less than for combing lengths on 56s and 8.5 cents less on 64s,70s,80s. The farm price on March 15 averaged 23.7 cents compared with 25.9 cents in February and 35.5 cents a year ago.

Consumption of combing and clothing wool in February amounted to 25 million pounds compared with 28 million in February last year. February activity of woolen spindles totaled 61 per cent of single shift capacity compared with 61.7 per cent in January and 81.6 per cent a year ago, and worsted spindle activity was 59.2 per cent in February, 54.9 per cent in January and 68.7 per cent in February 1929. Imports of combing and clothing wool at Boston, Philadelphia and New York have been only half as large so

far this calendar year as last and stocks in bond at Boston at the end of February were 14 million pounds this year and 30 million last.

Continental wool buyers have been more active at the wool sales recently although there is no indication of materially changed consumer demand for the Continent as a whole. In Great Britain the wool industry at present is dominated by the strike which resulted from the wages dispute and which is expected to continue until after the Easter holidays. No doubt present prices already discount the fundamental conditions conducive to the strike.

COTTON

Cotton prices have recovered over 2 cents a pound from their March low point. This has been accompanied by some increase in volume of trade. Although basic conditions appear not to have changed greatly, reports indicate that trade in both raw cotton and cotton textiles was retarded during the period of falling prices, and apparently there has been an opposite tendency recently. Stocks of American cotton in European ports have been reduced and are considerably lower than a year ago, although this shortage is largely offset by stocks of foreign growths larger than last year. As in previous months, stocks of cotton remaining in the United States are larger than last year.

Middling spot cotton at the ten designated markets rose from 13.67 cents per pound on March 10 to 15.78 cents for the week ended April 5. Prices received by producers averaged 13.8 cents on March 15, or 1 cent lower than on February 15 and 5 cents lower than on March 15, 1929.

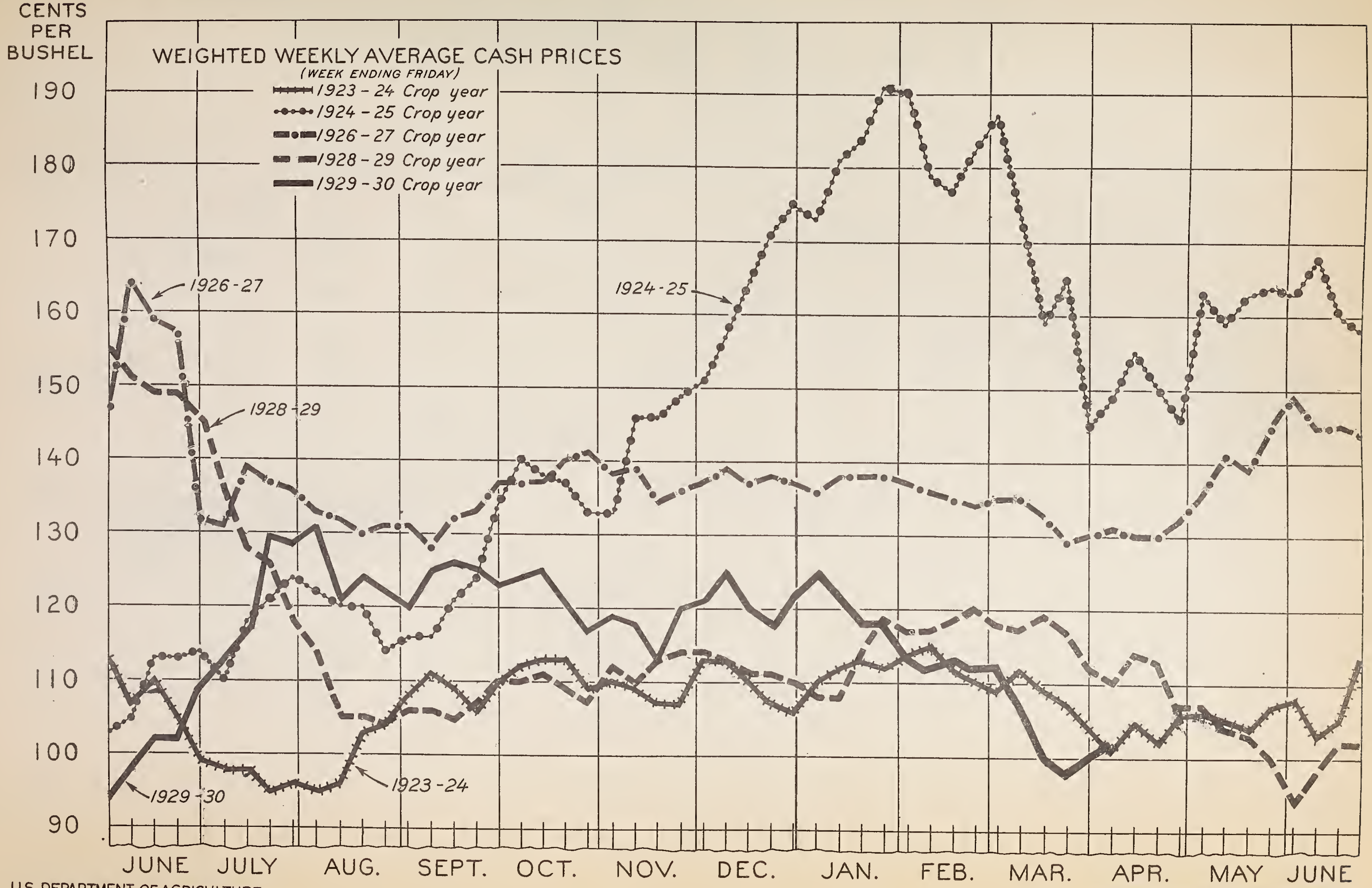
The final ginnings figures for the 1929 crop show production to have been 14,821,000 bales of 500 pounds gross weight. The September forecast was for a crop of 14,825,000 bales. The total supply available for the season is, therefore, essentially the same as indicated by the fall crop forecasts. Apparent supply remaining in the United States on April 1 amounted to 7.1 million bales compared with 5.7 million a year ago. The decrease during March was 198,000 bales less than a year ago. Stocks in European ports and afloat for Europe on March 28 totaled 1,580,000 bales or 360,000 less than last year, according to the Commercial and Financial Chronicle. Stocks of other growths in European ports and afloat for Europe as reported by the Chronicle amounted to 872,000 bales, or 205,000 more than last year.

Exports for March were 78,000 bales less than in March a year ago, being 478,000 bales this year and 556,000 last. Although the basic conditions of the European cotton textile trade did not on the whole change greatly in March there was an improvement in textile sales in the latter part of the month, partly as a reaction to the tendency to hold off purchases while prices were declining. Stocks of cotton and cotton goods are reported to be low on the Continent. Activity in the Japanese cotton

textile industry has receded from the peak reached early in the season, but is still high. Chinese trade in cotton textiles has improved recently and large amounts of cotton are being taken from India.

Domestic consumption in March was at a somewhat lower rate than February, the total for the month being 509,000 bales compared with 495,000 for February and 632,000 for March last year. Production of cotton textiles was slightly below the February level, the total for four week periods being 261 million yards in March and 267 million in February 1930 against 298 for March and 293 for February 1929. Sales of cotton cloth rose from 244 million yards in February to 292 million for March and compare with 358 million last March. Shipments were slightly lower in March and unfilled orders at the end of the month rose to 387 million yards, which compared with the high level of 505 million a year ago.

WHEAT: PRICE OF NO. 2 HARD WINTER AT KANSAS CITY



U.S. DEPARTMENT OF AGRICULTURE

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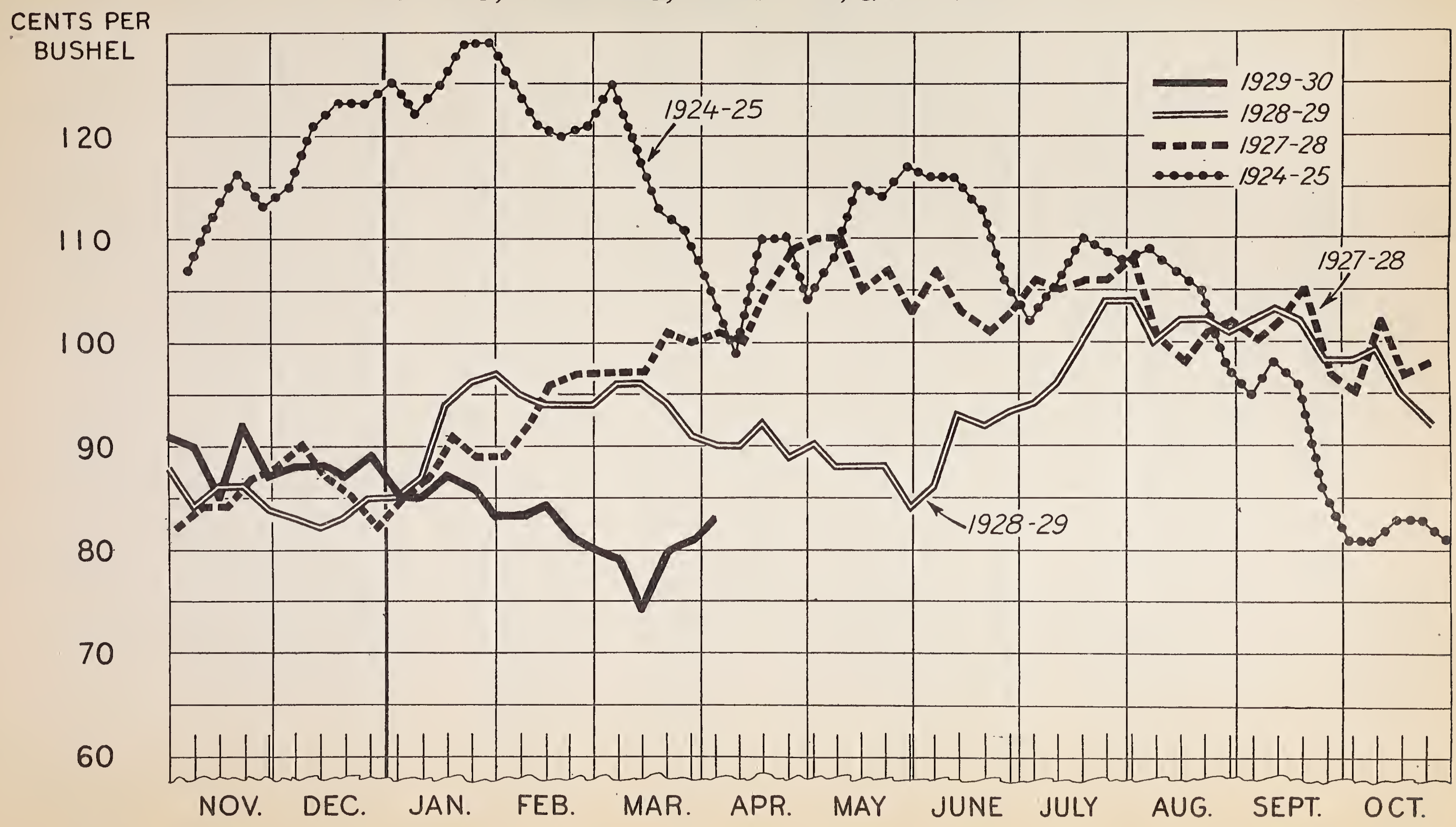
CORN: PRICE OF NO. 3 YELLOW AT CHICAGO
1924-25, 1927-28, 1928-29, and 1929-30



U.S. DEPARTMENT OF AGRICULTURE

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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

For release May 15, 1930

THE PRICE SITUATION, MAY 1930

FARM PRICES

The general level of farm prices advanced slightly between March 15 and April 15 as a result of higher prices for most of the items included in the index except livestock and wool. Since then both crop and livestock prices have again declined, except cotton, and the general average of farm prices during the first half of May was lower than on April 15.

On April 15 the index of farm prices at 127 was one point higher than on March 15 and 11 points lower than on April 15, 1929. The advances between March 15 and April 15 of 3 points in the index for grains, one point in the index for dairy and poultry products and 7 points in the index for cotton were partly offset by a 5 point decline in the index of meat animals. The present low level of farm prices may be compared with the low levels reached in preceding declines, namely 110 in June 1921, 129 in May of 1924 and 125 in April of 1927.

THE GENERAL COMMODITY PRICE LEVEL

The trend in commodity prices in general was downward during April. According to the annalist weekly index, prices on May 6 were at the lowest level since 1916, being 132 per cent of 1913 compared with 135 during the first week of April and 143 a year ago.

Six of the eight groups of commodity prices included in the index averaged lower in the first week of May than during March and April, the exceptions being building material prices which have remained unchanged for several weeks, tho on a lower level than in earlier months, and fuel prices which advanced noticeably during the last half of April.

Farm product prices according to the annalist index averaged 125 or 5 points lower on May 6 than on April 8 and 14 points lower than on April 7 of last year. Food products at 134 declined 3 points during the month and were 9 points below last year's level. Textile products declined 4 points to 126 during the month and were 24 points below the corresponding date last year. Metal prices declined 8 points to 113, largely as a result of the considerably delayed reduction in copper prices, and 15 points below last year's index. Fuel and building material prices at 150 are only 4 points below last year's averages.

Since the peak in the general commodity price level last July, prices of farm products at the central wholesale markets declined from 147 to 125, prices received by farmers from 140 to 127 and prices paid by farmers from 156 to about 153.

The trend in the general level of commodity prices during the summer months will depend in part on domestic crop developments, particularly the grain and cotton crops and the extent to which low interest rates here and abroad and other factors will serve to check the downward course of non-agricultural prices and start a revival in industrial activity.

BUSINESS CONDITIONS

The general business situation during April was not materially different from that of March. Judging from data so far available general industrial activity in April probably remained very close to the low level reached so far this year, while factory and mining production combined remained somewhat above the low level of last December. Such general measures of business activity as freight car loadings and electric power consumption showed the lowest levels of this recession in March with possibly a slightly improved level in April. Building activity continues low, though somewhat above the very low level of last December, as indicated by contracts awarded. During both March and April contracts awarded failed to show the usual seasonal increase. These measures of business activity together with declining commodity prices, indicate that no general improvement has yet taken place in the employment situation and in the buying power of consumers. The lower level of purchasing power during April as compared with that of a year ago, continued to be reflected in the prices of agricultural products.

During April interest rates were further reduced reflecting increased monetary gold supplies in the United States and the continued large volume of additional credit made available by the Federal Reserve banks, but the low interest rates at New York have only in part been reflected in rates charged to customers in the eastern industrial centers and to a still smaller extent in the southern and western States (according to data of the Federal Reserve Board). So far the period of low money rates has had no appreciable influence in expanding commercial bank credit. Ease in the New York money market, however, has been gradually extending to other parts of the country and this usually leads to a cheapening of commercial credit and facilitates an improvement in business. Industrial stock prices after a fairly continuous recovery since December declined during the last part of April and the first week in May, but turned upward again in the second week of May.

There is little in prospect to indicate that the buying power of consumers during the next month or two will be materially different from that at present, but improvement will of course take place as business reacts to low interest rates and to other factors that may stimulate business activity.

WHEAT

The foreign demand for wheat continues poor but some improvement is probable in the next few months. Crop conditions reported to date do not indicate any material reductions in production such as occurred in Canada last year. The carryover in the United States will be large but stocks on

hand July 1 in foreign countries are likely to be smaller, especially in Argentina. With small stocks in Argentina, conditions will probably result in exportations of United States wheat early in the season being larger than last year.

May 1 conditions indicate that the hard winter wheat crop may be about $5\frac{1}{2}$ per cent less than a year ago, and stocks of old wheat remaining in the Southwest are only moderate. Farm stocks are relatively low and the terminal markets excepting Kansas City, are being fairly well cleared for the new crop. The smallness of the Argentine supplies to be shipped should leave the way clear for exporting from the Gulf ports in June and July much more wheat than was exported from those ports a year ago. The soft red winter wheat crop appears likely to be $13\frac{1}{2}$ per cent less than that of 1929. This would provide no exportable surplus of this wheat. The white wheat crop is also smaller but the reduction in that crop may be offset in large part by larger stocks on hand in the Northwest. The opportunity for exporting from the Northwest should be at least as good as a year ago. The situation with reference to the spring wheat crops remains to be determined by seedings and growing conditions. Prospects of another good crop in North Africa and in southern Italy indicate that the foreign outlet for durum wheat is not likely to be much if any better than a year ago.

The farm price of wheat as of April 15 averaged 93 cents, slightly above the average for March and 4 cents above the average of pre-war, 1910-1914 April prices. The improvement of the April prices over March was due to the rather marked rise in prices from the middle of March to the middle of April, but that improvement has been lost in the past few weeks. The average of all classes and grades at six markets for the week ended March 14 was 102 cents per bushel, and continued to decline to 99 cents the following week, but increased to 108 cents for the week ended April 11. This was followed by a decline to an average of 99 cents a bushel for the first week in May. Prices have fallen nearly to the low point of the 1928-29 season. In the week ended May 31, 1929 prices of all classes and grades at six markets averaged 95 cents per bushel, and this was the lowest weekly average for the season.

Changes in the prices of No. 2 red winter wheat at St. Louis, of western white at Seattle, and of durum have been somewhat less than in the prices of other classes of wheat at their principal markets. The price of No. 2 red winter at St. Louis increased from 115 cents per bushel the third week in March to 120 the second week in April, and then declined to 113 the week ended May 2. In the same period No. 2 hard winter at Kansas City increased from an average of 98 cents to 107, and then declined to 97.

May futures at Chicago declined from the April peak of $116\frac{3}{4}$ cents per bushel April 8, to 100 cents on May 5. The decline in futures was more marked in Chicago than in Winnipeg, Liverpool or Buenos Aires. This sharper decline may be attributed in part to the fact that the April rise was sharper in the

United States than elsewhere, and in part to the fact that the approach of the harvest in the United States has a more direct bearing on the futures markets here than upon the markets of other countries.

The prospect for the 1930 world wheat crop is quite uncertain. The area reported in 17 countries amounts to 130 million acres, which is 3 million acres or 2 per cent less than harvested in the same countries in 1929. The corresponding areas in 1929 amounted to over 50 per cent of the total world area as reported for the season. The most significant reduction has been due to heavier winter killing in the United States. It may be remembered that the area seeded was 43,400,000 acres, about 2 per cent greater than the area seeded for the 1929 crop. However, farmers reported abandonment to May 1 amounting to 11 per cent of the area seeded, in comparison with 6.5 per cent of the area seeded for the 1929 crop. The area reported in 16 foreign countries totals 91 million acres, which is one million less than for the 1929 crop. Foreign crop areas may be further reduced. Reports generally indicate some reduction in Canadian spring wheat seedings. An analysis of factors influencing seedings in recent years indicates that the total Canadian area may not exceed 24 million acres, 1,255,000 less than in 1929.

Condition reports and forecasts of crops to date do not provide a satisfactory basis for estimating the total 1930 world wheat crop. The indicated reduction in the winter wheat crop of the United States from 578 to 525 million bushels is about offset by an indicated increase in the production of India from 318 to 368 million bushels. North Africa is beginning to harvest a new crop, and reports indicate that North African crops will be about equal to those of the previous season. Fall and winter weather seem to indicate about average yields in Canada, which would produce a crop somewhat larger than that of 1929. European conditions are generally fair to good. Recent reports indicate that northern European countries may have better crops than last year. The Italian crop has made an excellent growth but may be unusually susceptible to injury from rust. Northern France is reported to be in very good condition but southern France has suffered from too much rain. Weather conditions in the next few weeks will determine whether the 1930 European harvest will be equal to or less than the 1929 harvest.

World stocks of old wheat, July 1, are likely to be quite large but somewhat smaller than a year ago. Stocks in the United States now seem likely to be as large as or larger than a year ago. Canada and Australia will also have on hand large stocks, but Argentine supplies will be reduced to a low level. The amount of wheat afloat and the stocks in European and Oriental ports will be only moderate.

The foreign demand situation is not yet very promising. Commodity prices have fallen all over the world. Interest and discount rates have declined to the lowest level of any recent year, but no material expansion in credit with its stimulation to industrial activity, however, has so far taken place. Many countries have raised their barriers against imports on account of price levels. In some European countries, however, smaller

domestic crops might result in some relaxation of these barriers. The most hopeful factors in the foreign demand situation are: Argentina has no large surplus to dispose of on foreign markets; the stocks in Oriental markets have been reduced to normal or lower levels; Liverpool stocks have been reduced to a normal level; stocks at other European ports are only moderate; and it is probable that as soon as it becomes evident that the decline in commodity prices has been checked and credit becomes easier, importers will begin to buy more freely in anticipation of future needs.

RICE

Prices of southern rice have advanced about one-eighth of a cent per pound during the past two weeks in response to present small stocks. The total remaining supply on May 1 was only about 70 per cent as large as the amount which disappeared into market channels in May, June and July last year. Although market demand may be lower in the next two months than for the corresponding period last year, this may be slightly more than offset by the low stocks. Exports of rice during April amounted to 13 million pounds which was considerably less than for April 1929 but about the amount expected at the prevailing price level.

Prices of California rice have remained practically unchanged during the past month and seem likely to continue so for the next month. Sales of California rice to Hawaii continued at a relatively high level during April. Exports for the crop year to May 1 have been low but the important export movement usually comes in the last months of the crop year.

POTATOES

The average farm price of potatoes for the country as a whole at 146.1 cents per bushel was 9 cents higher on April 15 than on March 15 and 91 cents higher than in April of last year.

The advance was general, but was greater in the North Atlantic and in the East North Central States, than in the western States. In the South Atlantic States prices declined slightly. The higher price level in April appears to have been due largely to adverse weather conditions in the southeast which have reduced yields per acre and removed the prospect of serious competition between new and late crop potatoes. The slightly lower level of prices in the southern States reflects the seasonally increasing shipments of the new crop from the South.

Market prices also averaged higher during April than during March. At Chicago the April average at $3.31 per 100 pounds was 54 cents higher than in March and at New York the April average at $2.99 was 20 cents higher, the greater advance on the Chicago market reflecting the relatively lighter supply of potatoes in the North Central States than in the North Atlantic.

The April advance was not sustained during the first two weeks of May when prices both at New York and at Chicago averaged somewhat below the high prices in April.

Compared with prices which prevailed at this time in the spring of 1927 when the late crop supply was of about the same size as this year, prices are now somewhat higher. This appears to be due largely to the lighter market supply of new crop potatoes, which to the end of April of this year amounted to 4,291 cars compared with 5,438 cars in the same period of 1927. Shipments of late crop potatoes in April of this year amounted to 15,642 cars compared with 15,556 in April of 1927.

The level of prices for old potatoes during the next few weeks will depend on the volume of shipments of both old and new potatoes. In the past few years a volume of new crop shipments in May more than twice the April shipments has lowered the level of prices of old potatoes. During the first week in May the daily rate of shipments of new crop potatoes has been nearly three times the average daily rate in April, and this relatively heavier volume has been accompanied by lower prices of late crop potatoes.

The prices of new crop potatoes averaged $4.70 per 100 pounds in April but declined to about $4.40 by May 8. During the past seven seasons 1923-1929 the peaks in new crop prices at New York were reached around the second or third week in May and then prices declined to lower levels in June, except in 1927 when because of unusually light shipments of late crop potatoes, prices advanced to a peak in the first week of June and declined thereafter.

CORN

Cash corn prices averaged somewhat higher in April than in March. The increase over March levels occurred at about the first of the month and during the latter half of April prices declined somewhat. The strengthening of the market appears to have been occasioned largely by declining commercial stocks. However, receipts during April were plentiful and with fairly favorable conditions for planting of the new corn crop, prices weakened during the latter half of April. Despite the plentiful receipts during April, supplies appear to be unusually small for this time of year, and the smallness of supplies is likely to become an increasingly important market factor during the summer. However, as long as wheat prices remain at present levels this will tend to restrict improvement in the corn market.

Farm prices as of April 15 averaged, for the entire United States, 78.3 cents per bushel, compared with 74.5 cents a month earlier and 87.5 cents per bushel in April, 1929. Increases were fairly general throughout the country except in the North Atlantic and Middle Atlantic States. Cash prices at the principal terminal markets also averaged higher in April than in March.

No. 3 Yellow at Chicago, which had averaged 79.7 cents during March, rose to 82.8 cents per bushel the week ended April 4 and 83.3 cents the following week. It then declined to 81.1, 81.5 and 79.3 cents per bushel for the three weeks ending April 18, 25 and May 2. The average for the entire month of April was 82.0 cents per bushel compared with 89.8 cents for April, 1929.

During the month of April receipts at 14 primary markets amounted to 22.1 million bushels compared with 15.4 million last year and a five-year average (1925-1929) of 13.7 million bushels. These relatively large receipts appear to have been an important factor in the weakness of the market. However, commercial consumption also appears to have been relatively large during the month, reported wet process grindings amounting to 6.6 million bushels compared with 6.0 million last year and an April average of the 5 years 1925-1929 of 6.5 million bushels. Despite the large receipts, commercial stocks have continued to decrease, having fallen from a peak of 27.0 million bushels March 15 to 17.4 million May 10. The present level of commercial stocks compares with 25.8 million bushels on the corresponding date of last year. The visible supply as reported by the Chicago Board of Trade amounted to 17.1 million bushels on May 10 compared with 22.8 million a year previous and an average for the corresponding date of the past five years of 28.0 million bushels.

The foreign situation is likely to continue to be of importance in the corn market during the summer and fall. In the first official estimate, the corn crop of Argentina is placed at 253 million bushels. This figure is 21 million bushels larger than the official estimate of last year's crop. Trade estimates place the crops of both years at considerably larger figures. Weather unfavorable to marketing is likely to delay the export movement of the Argentine crop. If European feed crops should be large this season, imports into the United States from Argentina or the possibility of such imports would tend to hold down prices in the United States. In event of poor crops of feedstuffs in Europe, however, the foreign situation might not have much tendency to hold down prices in the United States during the coming summer. Any increase in the tariff rate on corn would lessen the possibility of imports and improve the prospects for prices in the United States.

In the domestic situation, the course of receipts and commercial stocks and the prospects for the new crop will be of especial importance in affecting the market. Ordinarily receipts, after reaching a peak in mid-winter, decline through late winter and early spring and then are larger again in the late spring or early summer, with May the first spring month in which they show an increase. This year, however, April receipts were larger than those of March - a thing which has not occurred since 1919. It is probable that this situation has been due to unusual weather conditions and that the largeness of April receipts does not indicate unusually large supplies still to come from farms. Nevertheless receipts will probably be closely watched during the next few months as indicative of commercial supplies, and their course may be expected to affect prices. With present low commercial stocks, any marked falling off of receipts would be likely to cause stocks to fall to

extremely low levels and to result in higher prices. Indications are that farm stocks on April 1 were somewhat smaller than a year ago. Though the reduced number of hogs on farms will tend to reduce farm consumption, supplies of other feed grains also appear to be at relatively low levels.

HOGS

Hog prices in April fluctuated over a narrow range and were considerably below the levels of April 1929, notwithstanding that slaughter supplies were about 7.5 per cent smaller. The lower level of prices this spring is a reflection of the weaker demand for meats and lard that has developed in domestic and foreign markets in the past two months. Larger supplies are in prospect during the next few weeks, when 1929 fall pigs reach market in volume. While a seasonal advance in prices probably will develop in late June or early July, when supplies usually decrease, the extent of such a rise will be influenced by any material changes in the industrial situation.

Following the decline of about a dollar in hog prices in March there was a recovery of about 40 cents during the first two weeks of April which was practically all lost in the second two weeks. The monthly average at Chicago for April was $10, or 17 cents per 100 pounds lower than that of the previous month and $1.41 lower than that of April last year. The weekly average for the first full week of May was $10.05. The spread in prices of the different weight groups has narrowed as the season advanced and is about half as wide as a year ago.

Federally inspected slaughter in April was 7.5 per cent less than in April last year but was larger than in April of any other year except 1923 and 1924. The total reduction in slaughter supplies for the first seven months of the current hog marketing year which began with last October now numbers 2,225,000 head as compared with the previous year. This represents a decrease of seven per cent.

Wholesale prices of pork loins in New York declined sharply during April and the first week in May but prices of other fresh pork were reduced only moderately. Some recovery took place during the second week in May but prices are still below the levels of a year ago. Prices of cured pork products held up better at New York than at Chicago during April and early May. At New York a level slightly higher than that of last year was maintained but prices were materially below those of 1929 at Chicago. Lard prices continued relatively low at a level about 10 per cent under that of a year ago. The current differentials between prices of hog products in markets abroad and those in this country compared with a year ago indicate that the foreign demand for American products has developed greater weakness than the domestic demand, and this probably has been one of the most important factors in causing the general weakness in the hog market situation this spring.

The storage situation continues favorable with stocks of pork and lard relatively small. Stocks of pork, amounting to 712.4 million pounds on May 1 were 22.9 per cent smaller than those of a year earlier and 12.5 per cent less than the 5-year average on that date. Lard stocks, amounting to 104.9 million pounds, were 43.2 per cent smaller than on May 1, 1929 and 25.9 per cent smaller than the 5-year May 1 average.

Exports of fresh and cured pork during March were 1.8 per cent larger than in March 1929. Lard exports, however, declined 7 per cent. There appears to be little prospect of any material improvement in the export situation as lard stocks have been increasing in Europe and larger supplies of hogs in Denmark and Germany will probably come to market during the remainder of the year.

Slaughter supplies of hogs in May are likely to be slightly larger than those of May last year. Hog slaughter at nine important centers for the week ended May 9 was 11.9 per cent larger than that in the corresponding week in 1929. In recent weeks, this indicator of total federally inspected slaughter has been low, as it showed a decrease of 11 per cent for April while the reduction at all plants for the month was only 7.5 per cent.

CATTLE

Prices of all kinds and grades of cattle declined during April. This decline was equally marked with the lower grades of beef steers and nearly all kinds of butcher cattle, which usually advance in price during April and with choice cattle which usually decline during this month. This decline carried beef steer prices, except for choice heavy cattle, below the low point of the first half of 1929 reached in February. Comparison with prices early in May in recent years shows all kinds and grades of cattle this year considerably below 1929 and 1928, with some kinds of butcher cattle but little higher than in 1927, and with veal calves lower than 1927. The usual seasonal price advance on lower grade steers and butcher cattle from January to May has been absent this year, all of such cattle being lower at the end of April than at the beginning of January.

Weakness in the cattle market has reflected the weakness in the beef market. This has been particularly marked in the demand for boneless beef used largely for sausage purposes. Early in May the market for such meat, was reported as very poor and the prices for low cutter cows reached the lowest level for some years.

Decreasing consumer demand rather than increasing supplies was responsible for the weakness in the cattle market. Both receipts at 7 leading markets and inspected slaughter of cattle in April were 4 per cent smaller than in April 1929 and slaughter was 10 per cent below the 5-year April average. While total supplies of beef steers at Chicago were 2 per cent larger than in April a year ago, the number of choice and good steers, combined, was 19 per cent smaller, with choice steers only 28 per cent as large. Calf slaughter in April was 1 per cent smaller than in April last year and for the first four months of 1930 was the same as in 1929. Reports as to the number of cows and heifers slaughtered during the first quarter of 1930 show a decrease of about 2 per cent from 1929. There seems to be no indication as yet that dairy producers are following the advice of leaders in the industry to reduce numbers.

The demand for stocker and feeder cattle in April was much smaller than during the preceding three months. Shipments into the seven leading feeding States in April this year were about 8 per cent below April 1929, whereas for the first quarter of this year they were nearly 50 per cent larger than last. Prices of stocker and feeder steers which usually advance during April declined this year.

BUTTER

May creamery butter production will probably be below that of a year ago. Trade output in April appears to have been slightly larger than a year ago but at prices averaging about 12 per cent lower and there is no indication of an immediate increase in demand. Recently the foreign situation has weakened so much that imports would follow any material advance in the domestic market. Moreover the seasonal increase in domestic production is just beginning to exceed current consumption requirements.

The price of 92 score butter at New York was higher in April than in March, averaging 38.5 cents. This was 1.2 cents above the March average price and 6.9 cents below the average price of April 1929. The price rose from $37\frac{1}{2}$ cents on April 1 to $39\frac{1}{2}$ cents on April 19 and declined to $37\frac{1}{2}$ cents on April 28. The price on May 12 was 36 cents. Prices paid producers for butterfat were higher in most States on April 15 than on March 15. The increase was slightly greater in the centralizer territory and prices in that section were about as far below those of a year ago as other portions of the principal butter producing area, in contrast to the situation a few months

ago when prices in the centralizer territory were relatively much lower. Prices in all the principal butter States were, however, about 10 cents below April 15, 1929. Retail prices in the principal New York grocery chains averaged 44.5 cents for April 1930 which was about 6 cents below the average for April 1929. In January prices in these same chains averaged 11.6 cents below January 1929. Prices are at present 41 cents.

Receipts at the 4 principal markets were 56,562,000 pounds during April or about 2 per cent above April 1929. Cold storage holdings were 22,948,000 pounds on May 1, an excess of 17,025,000 pounds over those of a year ago and 15,809,000 pounds above the 5-year average. Although May 1 storage holdings were below April holdings, a net into storage movement is now underway.

Creamery butter production during March is estimated at about 3 per cent below March 1929 and trade reports indicate that it has continued at a lower rate during April and early May. Pasture conditions in the principal producing States on May 1 and May temperatures appear to influence May production materially. Pasture conditions were not as favorable on May 1 as a year ago, averaging 78 as compared with 89 in 1929, in the 10 leading butter producing States. Trade output appears to have been slightly larger than that of a year ago.

The weakness of the foreign markets is much more serious than at any time since 1926, when British demand was seriously weakened by prolonged labor disturbances. Small importations of Danish and New Zealand butter have been reported at New York. The margin between New York and Copenhagen on May 8 was about 10.0 cents which is about the same as a year ago. There is no immediate prospect of a strengthening of foreign markets. While no important importation is anticipated, the low level of foreign prices would prevent any marked rise of prices in our markets.

EGGS

Egg prices usually advance in May and June but the advance this year may not be very material. Receipts will probably continue as heavy as last year; storage stocks are high; the seasonal demand for hatching and breaking is near an end; and apparent consumption which increased during the first 3 weeks of April, has dropped off since Easter, and early warm weather may prevent an increase in consumption.

The prices of the better grades of eggs at New York changed little during April from the levels established in March. Fresh extras averaged 27.5 cents compared to 30.0 cents a year before. Following a decline of a cent at the end of April the price has been close to 26 cents during the first ten days of May. Last year the average price for this grade was 32.9 cents in May and June.

Receipts of eggs at the four primary markets in April were the heaviest for the month since 1927, being 2,553,000 cases, about 2 per cent

greater than last year and 7 per cent greater than the 5-year average. While the seasonal flush of production is probably past, yet receipts are likely to be relatively large for several months.

Cold storage holdings of eggs on May 1 were 5,751,000 cases compared with 3,952,000 cases last year and a 5-year average of 4,515,000 cases. Stocks this year are the highest on record for May and this may tend to discourage storing. Stocks of frozen eggs on May 1 were 77.1 million pounds compared to 51.8 million pounds last year. The diversion of eggs into breaking plants and hatcheries has no doubt helped to maintain the price the last two months. The season for extensive breaking and hatching operations, however, is drawing to a close.

POULTRY

The farm price of chickens is making its seasonal advance which usually continues until it reaches a seasonal peak during May or June but it is on a lower level than last year. Storage stocks of frozen poultry are large; hatchery reports indicate plentiful supplies this summer and prices of competitive meats continue low and may weaken the demand for poultry.

The farm price of chickens on April 15 was 21.1 cents, an advance of .5 cents of the month before. The price this April is 2.7 cents below that of April 1929 which compares with February and March prices that were 1.7 and 2.1 cents respectively below those of the same months in 1929.

Storage holdings of dressed poultry are still large being 77.5 million pounds on May 1 as compared with 52.9 million pounds last year and a 5-year average of 64.5 million pounds. Offsetting the effect of these larger storage stocks is heavier consumption than last year. The apparent consumption during March and April was about 40 per cent greater than for the same period last year.

Receipts of dressed poultry at the four markets during April were 17.5 million pounds, about a million pounds more than in April 1929. The seasonal increase in receipts has probably begun and is likely to be on a higher level than last year. Reports from hatcheries in March continue to show substantial increases in numbers of salable chicks hatched as compared with last year indicating heavy summer receipts of broilers and fryers.

LAMBS

Lamb prices continued low during all of April. After a small recovery during the first week, they again declined and reached the lowest point of the year, to date, about the middle of the month when the top on wooled lambs at Chicago reached $9.75. The average price of lambs during

April was the lowest for the month since 1914. The decline in spring lamb prices was larger than with aged lambs; the top on Arizona spring lambs at Kansas City going from 13 to 11½ cents.

Supplies of lambs during April continued excessive. Inspected slaughter for the month was 24 per cent above April 1929, and 38 per cent above the 5-year April average. The increased slaughter was due to the increased number of fed lambs since spring lamb slaughter was no larger than in April 1929.

The number of lambs on feed in Colorado and western Nebraska at the end of April was less than at that time a year earlier, 275,000 this year compared with 290,000 last year. Compared with other recent years the supply was rather large. Eastern shipments of California lambs in April were much smaller than in April 1929. While supplies from that State in May will be liberal, there is much uncertainty as to what the total will be. The present price situation discourages the eastern shipment of everything but choice lambs, but any considerable improvement in prices will result in large numbers of medium and good lambs being shipped east.

WOOL

Domestic wool prices held steady for the first three weeks of April then declined again but trade at Boston improved considerably in the second week of May and prices for that week held firm. The recent price declines were most severe on medium fleece wool. Prices of foreign wools in bond at Boston have held unchanged, however, except for declines on some medium grades of Australian and Argentine wools. At the Australian wool sales demand is reported stronger and prices mostly firm and considerably above the February and March levels, although recently there has been a weakness in prices of medium wools. The London Wool Sales opened May 13 with sales very brisk and prices unchanged to 10 per cent higher than at the close of the previous series. Tops and yarn prices at Bradford have risen and the strike is reported to be causing a shortage of semi-manufactures. On the Continent buying of wool yarns has increased and more confidence is reported in wool prices. A part of the continental trade improvement probably has resulted from the curtailment of activity at Bradford.

Stocks of wool in foreign primary markets in April were larger than a year ago and there is a desire to dispose of them before the coming of the new clip. Sheep numbers in the Northern Hemisphere are probably about the same as last year except for some increase in the United States and a decrease in Russia. Decreases in sheep numbers are reported in some provinces of Australia, but sheep numbers in the Southern Hemisphere generally are apparently not much below last year and seasonal conditions have been favorable for another large clip.

In the recent declines at Boston fine wools have fallen the least. The greatest declines were on medium grades, 56s (3/8 blood) strictly combing scoured fleece wools falling 7 cents. Current demand conditions appear to be in part responsible for the relative weakness in medium as compared with fine wools, but this must be looked upon mostly as an adjustment toward a more normal relationship between grades, since medium grades have been unusually high as compared with fine wools. On May 3 Boston prices of strictly coming Ohio and similar grease wools of both 64s, 70s, 80s (fine) and 56s (3/8 blood) averaged 30 cents per pound. United States farm prices on April

15 averaged 21.4 cents compared with 23.7 cents in March and 33.8 cents on April 15, 1929.

Consumption of wool and the cutting of men's and boys' wool garments has been less than last year. Imports at Boston, Philadelphia, and New York for the period January to May totaled 33 million pounds, or 59 per cent as large as last year. Stocks in bond at Boston on April 30 amounted to 16 million pounds or 50 per cent as large as a year ago.

COTTON

Cotton prices recovered rapidly from the low point of early March, middling 7/8" cotton reaching nearly 16 cents a pound at the 10 spot markets in the first week of April. After that the price declined somewhat and averaged around 15¼ cents for the first part of May. Stocks of American cotton in European ports and afloat for Europe continue smaller than last year, but this is partly offset by larger stocks of foreign growths. Stocks in Bombay are about the same as a year ago, but stocks in Alexandria and United States ports are larger, and the apparent supply remaining in the United States is above last year. Exports which have been low all year, are commercially reported to have fallen off sharply, reflecting the prevailing price relationships of domestic and foreign markets and the generally weak demand of Europe. Domestic consumption continues less than last year and activity in the cotton textile industry is also low.

From the low point of 13.67 cents per pound at the 10 spot markets reached on March 10, cotton prices rose to 15.92 cents on April 3, then fell to 14.80 cents on April 22. Subsequently they recovered somewhat and averaged 15.24 cents for the week ended May 3. For the same week closing May futures quotations at New York averaged 16.25 cents and October futures averaged 14.93 cents. The farm price on April 15 averaged 14.7 cents against 13.8 cents on March 15 and 18.5 cents on April 15, 1929. The apparent supply of American cotton remaining in the United States on May 1 amounted to 6.3 million bales compared with 4.6 million last year. The Commercial and Financial Chronicle reports exports for the week of May 3 to have been 42,000 bales compared with 77,000 the previous week. Exports for the month of April are officially reported at 350 thousand bales against 448 thousand last year. For the season to May 1 exports totaled 6.1 million bales against 7.2 million for the corresponding period last year. Among the important consuming countries only France and Italy have taken more cotton than last year. Activity in the French and Italian textile industries has also been more satisfactory although some slowing up has recently been reported for Italy. In Germany and Central Europe generally, the cotton textile conditions continue quiet, and demand is weak in Great Britain where conditions are influenced by developments in the Indian situation. The Japanese industry has reduced its activity from the peak levels of past months, and in China civil difficulties are making the outlook for the textile industry uncertain.

Domestic consumption for April was 532,000 bales compared with 509,000 in March and with 632,000 in April 1929 and 525,000 in April 1928. For the nine months August 1 to May 1 this year domestic consumption has totaled 4.9 million bales or 450,000 less than last year. Reports of the Association of Cotton Textile Merchants show production of cotton cloth for April to have totaled 256 million yards or slightly less than for March and 27 million less than for April last year. Sales, totaling 223 million yards were 21 million above last April but 69 million less than in March. Unfilled orders have been reduced, but curtailed production has kept stocks from becoming excessive.

UNITED STATES DEPARTMENT OF AGRICULTURE
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THE PRICE SITUATION, JUNE 1930

FARM PRICES

The general level of prices received by producers on May 15 reached the lowest level so far this season, and still lower market prices in the second week of June probably have reduced farm prices to the lowest level since 1922.

The index of farm prices declined 3 points from 127 on April 5 to 124 on May 15 compared with 136 in May last year. Most of the commodities in the index showed declines except apples and potatoes. Wheat declined 6 cents per bushel, rye 5 cents and flax 18 cents. Among the livestock products, sheep declined 60 cents per 100 pounds and wool nearly 2 cents per pound to the lowest levels since 1921. Compared with last year's prices, fruits and vegetable prices are higher, all the others are lower.

During the second week of June, prices of grains, butter, eggs, cotton, cattle and hogs were lower than on May 15. Wool prices remained unchanged.

This downward trend in farm prices have been accompanied by a general decline in non-agricultural prices both in this country and abroad.

THE GENERAL COMMODITY PRICE LEVEL

The general wholesale commodity price level was one per cent lower in May than in April, but remained practically unchanged throughout the month. A further decline took place in the second week of June, bringing the general commodity price level to the lowest point since 1916.

According to the Annalist index numbers, farm products averaged 125.1 on May 6 and 123.3 on June 10; food products during the same period declined from 134.5 to 134.1. Textile product prices declined from 127.4 to 121.7; fuels from 156.8 to 155.1. Building materials declined sharply from 149.8 to 142.7 and the miscellaneous group of items declined 9 points to 106.4.

Since the peak prices of last July, as shown by the Annalist index, farm products have fallen 24 points; food products 17; textiles 25; metals 15; building materials 11; chemicals 5 and miscellaneous items 24. The average decline in all commodities has been 19 points from 149 last July to 130 as of June 10, or a total decline of about 12 per cent. A similar decline has taken place in the price levels of all the principal foreign countries.

BUSINESS CONDITIONS

The business situation in May again failed to show any definite recovery. Prices of non-agricultural commodities declined further, reflecting a weaker demand for basic commodities. Interest rates declined somewhat toward the end of May and bank loans for commercial purposes also declined and industrial stock prices were lower in May and the first part of June than in April.

Industrial activity was slightly lower in May than in April. This is indicated by a volume of freight car loadings lower in May than in April and about as low as in December; by a volume of electric power production about equal to that of April and lower than that of last December. Iron and steel production was somewhat higher in May than in April, but steel mill operations were on a lower level by the end of May and in the first week of June than prevailed in the preceding weeks. Automobile production, was slightly lower during most of May than during April. Building activity, as represented by contracts awarded has also continued at low levels. These indications combined, show a downward tendency in industrial activity during May which has apparently continued into the first part of June. The lower levels of domestic and foreign business activity, employment and payrolls and general commodity prices as compared with those of last summer are being reflected in a demand for most farm products 10 to 15 per cent below that of a year ago.

WHEAT

The foreign demand for wheat from the United States improved to some extent in May but continues weak. Crop conditions reported to date indicate a crop in the Northern Hemisphere outside of Russia probably not very different from that harvested in the past season. Larger crops in India, Canada, Rumania and northern Europe are likely to be about offset by smaller crops in North Africa, France, Italy and possibly some other European countries. The stocks of old wheat on hand as of July 1 in all positions for which data are available probably will be 100 to 150 million bushels less than a year ago. The market prospect for the durum wheat crop now appears better than a year ago. Conditions are also more favorable than a year ago for moving the hard winter wheat crop of the Southwest without serious congestion. Conditions as of June 1 indicate a smaller soft red winter wheat crop, which is likely to strengthen the position of that class of wheat in relation to other classes of wheat in domestic markets.

The farm price of wheat as of May 15 averaged 87.5 cents per bushel, which is slightly below the pre-war average of 88.4 cents. The average price declined 6 cents from April to May and reached the lowest point since the war excepting in June 1929, and August 1923 when prices were slightly lower.

After the middle of May prices improved, the average of all classes and grades at six markets increasing from 97 cents the week ended May 10 to 103 cents the week ended June 7.

The prospect for the world wheat crop of 1930 is still uncertain, but no bumper world crop is in prospect. The crops of Italy and France, two of the most important producing countries, have deteriorated. The Italian crop is estimated to be 40 million bushels less than a year ago and the French crop probably about average as compared with a very large crop a year ago. The reduction in these two countries will probably about offset increases reported in India, Spain and Rumania. Conditions in northern Europe indicate somewhat larger crops. It seems likely, however, that the European crop will be somewhat less than a year ago. The spring wheat crop of the United States, sown on a smaller area but under better conditions, may increase slightly, about enough to offset the reduction in the winter wheat crop. The 1930 Canadian crop still seems likely to be better than that of 1929 but conditions recently have been unfavorable and the prospect for an average crop is not so good as it was a month ago. Moisture conditions are unfavorable for expanding materially the area seeded in Australia. Reports indicate that the Argentine area is likely to be reduced to some extent. Russia continues to be an uncertain factor, late reports indicate seedings about equal to those of a year ago, with the outlook for the crop somewhat uncertain.

The market outlook for the durum wheat of the United States has been improved by recent reports of deterioration in the crops of northern Africa and southern Italy. The Algerian crop is reported to be smaller than that of a year ago and the crops of Morocco and Tunis have suffered from drought. If durum seedings in the United States have been reduced in line with reported intentions, average or better than average yields would produce only a moderate crop and it will meet less competition in foreign markets than was met by the durum crop of the past season.

The world stocks of old wheat, July 1, still seem likely to be quite large but less than a year ago. Stocks in the United States and Canada may be about the same as a year ago, while the supplies in Australia will be a little larger and in Argentina much smaller. The supply of old wheat remaining in Argentina available for export and carryover is probably about one hundred million bushels less than a year ago. With the amount of wheat afloat reduced by about 25 million bushels, the stocks in many European ports small, and domestic supplies on hand in many foreign countries reduced, it seems likely that the accounted for stocks on July 1 will be about 150 million bushels less than a year ago. This reduction in stocks probably is sufficient to offset increases in production, so that the total world supply for the season now seems likely to be not very different from what it was in the past season, but differently distributed.

The general price level and demand situation will be important in the coming season, as it has been in the past season. Conditions that have caused a world-wide drop in the general price level of about 10 per cent from the first of July 1929 to the first of June have been important factors in depressing wheat prices. There is no definite evidence that this decline in price level

has come to an end but the length of such depressions in the past indicates that it may not continue many more months. Low interest and discount rates in many countries, together with easier credit, may result in freer buying on the part of importers. Improvement in the demand situation from these two factors might, however, be offset in a measure at least by increasing exports from Russia.

Crop conditions as of June 1 continue to indicate a hard winter wheat crop less than a year ago. The hard red winter wheat crop will probably amount to about 325 million bushels, 5 per cent less than the crop of this class of wheat in 1929. The farm and country mill and elevator stocks of old wheat in the hard winter wheat producing area are probably somewhat less than a year ago. With the supplies to be moved slightly less, elevator capacity increased to some extent, and the prospect of less competition from Argentina in export markets, it is likely that the crops of Oklahoma and Texas can be moved without market congestions. The supplies of Kansas and Colorado, on the other hand, are still so large in relation to the elevator capacity that some congestion in markets for wheat from these States is possible unless farmers who have storage capacity will undertake to hold grain until after the heavy marketing season. Harvest weather and the rate of threshing of course, will be an important factor in the movement of the crop. In any case, however, the markets are not likely to be congested as badly as they were a year ago.

June 1 conditions indicate a soft red winter wheat crop of about 167 million bushels, 13 per cent less than the crop of 1929. The greatest reduction in the crop is in Ohio. The carryover of this class of wheat is probably larger than a year ago when the stocks in many parts of the area were very low. The indicated production is very close to domestic requirements. Since the need for building up stocks will be less than in the past season, the relation of the indicated crop to the demand for this class of wheat may not be very different from what it has been in the past season when No. 2 red winter at St. Louis sold on a higher level than that of hard red winter.

Acreage and condition reports indicate a smaller crop of white winter wheat. The probable crop is estimated at 40 million bushels, compared with 45 millions produced in 1929. The stocks of this class of wheat probably have been increased sufficiently to about offset the reduction in the crop.

RICE

Prices of southern rice have remained practically unchanged during the past month. Sales during May amounted to slightly more than one-third of the total supplies of rough and milled as of May 1, leaving on June 1 about one billion pounds for the remaining two months of the crop year. Exports during May were about the same as for April, but domestic sales were only about 75 per cent of those for April.

The supply of Blue Rose and other southern rice for June and July this year is smaller than the supply for the corresponding period of any year since the summer of 1925. The supply of California-Japan variety, however, was relatively large on June 1. Since a very large percentage of the

domestic demand is for southern rice, the relatively small supply of that type rice indicates that prices of southern rice may advance some during the next month.

Prices of California rice have remained practically unchanged during the past two months. Private estimates place remaining supplies of rough in farmers hands in California at 800,000 bags (100 pounds) which is about 28.5 per cent of the crop and is relatively high for this time of year. Exports of this variety for the crop year to June 1 have been low. They have not made the usual seasonal increase because of the exceptionally strong competition from foreign rices. Prices of Italian and Spanish Valencia type rice are considerably under California prices. Tokio prices have been at a relatively low level all year and have declined further during the past few weeks. Sales of California rice to Hawaii continued at a relatively high level during May and domestic sales appear to be holding up well. Owing to the small supplies of southern rice, sales of California rice in Porto Rico should increase during the next two months.

POTATOES

The farm price of potatoes for the country as a whole averaged $1.50 per bushel on May 15 or 4 cents higher than on April 15, largely as a result of the very light supplies of old crop potatoes in the western and north central States. Prices declined in Maine due to plentiful supplies there and increased competition from new crop potatoes, while in the southern States they remained practically unchanged.

In the terminal markets, however, prices of old potatoes during May were lower than during April, averaging about 15 cents per 100 pounds lower at Chicago and 25 cents lower at New York. These declines in spite of light supplies of old stock may be attributed to a volume of marketings of new potatoes more than double that of April. The price movement in May of this year was in line with changes in earlier years when new crop shipments in May were more than twice the April shipments.

During the first part of June, prices at wholesale markets averaged still lower, particularly on new crop potatoes, as a result of shipments considerably larger than those indicated by the official estimates of production in the southern States. Prices of new crop potatoes at New York averaged $4.15 per 100 pounds during May and about $3.00 per 100 pounds during the first week of June, when shipments of new crop potatoes reached a record of 5,100 cars.

The seasonal trend of new crop prices in the past nine years appears to have been related to the supply in the early producing States.

In years when production in the early States decreased as compared with the preceding year, prices at New York averaged lower in June than in May, but advanced in July. In years when production increased, prices averaged lower in June and continued to decline into July (see Table on following page). This year's production in the early and second early States is estimated to be about 1.3 million bushels greater than last year's production. This increase is smaller than the comparable increase in the years indicated in the second Table which ranged between 4 and 14 million bushels.

Price per 100 pounds of new crop potatoes at New York
in years of decreased production, specified months

Year	May	June	July
	Dollars	Dollars	Dollars
1923	4.13	3.08	3.08
1925	3.34	2.83	3.18
1929	3.71	2.30	2.80
Average	3.73	2.74	3.02

Price per 100 pounds of new crop potatoes at New York
in years of increased production, specified months

Year	May	June	July
	Dollars	Dollars	Dollars
1922	3.27	3.03	1.81
1924	4.12	2.34	1.48
1926	6.29	3.78	2.29
1927	4.50	4.03	2.07
1928	2.89	1.54	1.02
Average	4.21	2.94	1.73

CORN

Cash corn prices averaged lower in May than in April. During the latter part of April there was a moderate decline and prices continued throughout May to fluctuate at levels very close to those reached the first week of the month. With the exception of 1926, corn prices throughout the summer months of the past seven years have usually been above present levels. The average level of prices and the trend of prices during the summers of these years, however, have varied greatly, depending upon a number of factors. These include crop prospects, stocks of corn and other feed grains, the rate of movement to market, and various conditions influencing the demand for corn. This year, commercial stocks of corn are small and commercial stocks of other feedstuffs are moderate to small. Receipts of corn at primary markets for the season to date indicate that, considering the small size of the crop, the movement of corn to market thus far this season has been heavy and hence the volume of marketings during the remainder of the season is likely to be moderate. On the whole demand conditions are less favorable than in the past two years, low prices for dairy products and beef cattle have lowered the demand for corn by dairymen and cattle feeders, and hog numbers are relatively small. However, industrial use of corn, though below its 1929 level during February and March, has been above last year's level during April and May.

Farm prices as of April 15 averaged, for the entire United States, 77.7 cents per bushel, compared with 78.3 cents a month earlier and 87.5 cents per bushel in May, 1929. Small decreases from April to May were general throughout the country. Cash prices were also lower at the principal terminal markets. No. 3 yellow at Chicago, which had averaged 82.0 cents during April, averaged 79.3 cents per bushel for the weeks ended May 2 and May 9. It was very slightly lower during the three following weeks, and the average for the month was 78.6 cents per bushel. For the week ended June 6, No. 3 yellow at Chicago averaged 80.0 cents per bushel.

During May receipts at 14 primary markets amounted to 16.4 million bushels compared with 22.1 million the previous month, 11.5 million bushels in May 1929 and an average of 14.5 million for May of the five years 1925 to 1929. Shipments from 14 markets amounted to 18.7 million bushels against 18.4 million the previous month, 15.9 million in May 1929 and an average of 14.3 million for May of the five years 1925 to 1929. For the seven months, November to May, receipts have amounted to 170.6 million bushels compared with 193.9 million a year ago and an average of 166.8 million for the past five years. Receipts for the period November to May have been nearly as large a proportion of the crop as those of 1927-28 and 1928-29, and considerably larger than average. This suggests that, in view of the small crop, supplies still to come from the country will be moderate.

Commercial stocks of corn continue at a low level, though on account of larger receipts in April and May they have not been decreasing as rapidly as at this season last year. For the week ended June 7 the United States total amounted to 10.8 million bushels, compared with 14.2 million on the corresponding date of last year, 27.5 million in 1928 and 31.6 million bushels in 1927. In the past eight weeks there has been a decrease of 14.4 million bushels, compared with 23.0 million in the corresponding period of last year, 18.5 million in 1928, and 16.3 million bushels in 1927.

Reported wet process grindings during May were at a high level for that month, amounting to 6.6 million bushels, compared with 6.3 million for May of last year, 6.9 million in 1928 and 6.4 million in the corresponding month of 1927. Reported grindings from November to May amount to 46.0 million bushels this year against 50.6 million last year. 55.5 million in 1927-28 and 44.7 million bushels in 1926-27. Total disappearance for the season to date at 14 primary markets amounts to 57.0 million bushels compared with 65.8 million last season, 76.6 million in 1927-28 and 56.0 million in 1926-27.

The season is not yet far enough advanced for prospects for the new corn crop to be of much significance. Planting was fairly early in much of the Corn Belt, but subsequent cold weather delayed germination and growth, and considerable re-planting has been necessary. In the case of barley and oats, the condition of the crop on June 1 was about average.

Foreign market conditions continue uncertain. European crops are undetermined and the moderate sized Argentine crop has been moving slowly under the handicap of unfavorable weather conditions. It seems probable that the weather has reduced the proportion of the Argentine crop which is fit for overseas shipment.

HOGS

Hog prices in May and early June continued to fluctuate through a very narrow range at approximately the same level maintained through April. For 12 weeks the average at Chicago has held around $10. During this period slaughter supplies made about the usual seasonal increase from the low point recorded in late March. Usually supplies fall off from the middle of June to the middle of September and prices advance through this period. The extent of the advance is governed by the amount of hog products available from storage supplies and from slaughter and by domestic and foreign demand for hog products. The demand situation this summer is expected to be less favorable than last summer, but this is expected to be more than offset by decreases both in storage supplies and of hogs for slaughter.

The monthly average price of hogs at Chicago in May was $10.03 as compared with $10.81 in May last year and $10.17 in March, and $10.00 in April this year. The average for the first week in June was $10.14. This was 45 cents under that for the corresponding week in 1929. The spread in prices between different weight groups continues narrower than that of last year.

Federally inspected slaughter in May was practically the same as in May last year, as the increase amounted to only 25,000 head, or less than one per cent. The first eight months of the hog marketing year which began with last October shows a reduction of 2,200,000 head, or about 7 per cent, in total inspected hog slaughter as compared with that for the corresponding period the previous crop year.

Wholesale prices of pork loins in New York recovered after the decline in April and were higher the first week in June than in the corresponding week a year earlier. Prices of other fresh pork cuts during May were not greatly different from those in May 1929. During the first week in June, New York wholesale prices for bacon were considerably higher than in that week last year. They were about the same for picnics and a trifle lower for all weights of regular hams but they were materially lower for skinned hams, dry salt backs, lard and lard substitutes.

Storage supplies of hog products are much smaller than those of last year. Stocks of pork amounting to 675.3 million pounds of June 1 were 22.5 per cent smaller than those of a year earlier and 13.4 per cent less than the 5-year average on that date. Lard stocks, amounting to 115.3 million pounds were 37.2 per cent smaller than those on June 1, 1929 and 20.7 per cent smaller than the 5-year June 1 average. This reduction as compared with last year is the equivalent of about 1,650,000 hogs.

Exports of lard and pork products during April fell off 13.8 per cent as compared with those in April 1929. Prices of both pork and lard in the European markets are on a relatively lower level than in the domestic markets. This is tending to slow up exports and will probably continue to do so since this situation is expected to continue during the remainder of the marketing year.

Slaughter supplies of hogs in June are not likely to be greatly different from last year although a slight increase seems probable. Hog slaughter at nine important centers for the first two weeks in June was 2.1 per cent smaller than that for the corresponding period in 1929. Indications to date point to slaughter supplies from July to September inclusive considerably smaller than the unusually large supplies slaughtered in those months last year.

CATTLE

Cattle prices about the middle of May reached the lowest levels in over two years. The weakness of the cattle market was due to decreased demand, since supplies were relatively small.

The decline in cattle prices which started in March continued into May and reached a low point about the middle of the month. At this low point nearly all kinds and grades of cattle reached the lowest levels in over two years and for low grade cows the level was nearly the lowest in three years. At the low point of the first half of 1929 reached in February the average weekly cost of beef steers at Chicago was $11.54 while the low week in May this year was $10.80. All grades of steers were below the low point last year, the differences ranging from 40 cents on choice to 80 cents on common.

Some recovery from the low point was made during the last two weeks of May, but a part of this was lost during the first week of June. Further sharp declines occurred during the first days of the second week of June which pointed to a weekly average as low as that of the low week in May.

Supplies of cattle during May were relatively small. Receipts at seven leading markets were 1 per cent less than in May 1929; inspected slaughter was 2 per cent greater than in May 1929 but 7 per cent less than the 5-year May average. Slaughter of calves was 2 per cent less than last year. Shipments of stocker and feeder steers into seven leading feeding States were about 10 per cent less than in May last year. While total supply of beef steers at Chicago in May was a little larger this year than last, the combined supply of good and choice steers was only 55 per cent as large as last year and the number of choice steers was the smallest for May in many years.

The general downward trend of cattle prices since March has tended to reverse the usual seasonal movement of prices of lower grades of steers and butcher cattle. Prices of such cattle usually advance from January to May, reaching the high point of the year in May. This year prices in May were lower than January. The very small supply of choice cattle this year has apparently kept the price of such cattle from declining as much as they would have with a normal supply.

BUTTER

The trend of butter prices during May was downward. The price of 92 score butter at New York was 37 cents on May 1 and 32½ cents on May 31, most of the decline coming in the latter part of the month. During the first part of June prices were more stable and the price on June 11 was 33 cents. The monthly average price for May of 34.9 cents was 2.6 cents below April 1930 and 8.6 cents below May 1929. Prices paid producers for butterfat on May 15 were the same or a cent lower in most States than on April 15, and about 9 cents below prices on May 15, 1929. The leading chain stores were selling tub butter in New York City at 37 and 39 cents the last week of May compared with 49 cents the last week of May 1929.

Receipts at the 4 principal markets during May were 71,066,000 pounds, about 0.5 per cent above May a year ago and about 7.25 per cent above the 5-year average for May. Storage stocks on June 1 were 50,330,000 pounds with a net into storage movement of 27,382,000 pounds which is slightly above the movement of a year ago. The June 1 holdings were 21,961,000 pounds above the June 1 holdings last year due largely to the 17 million pound surplus over a year ago on May 1.

Estimated production of butter in April was about 4 per cent below April 1929, a substantial increase in production occurred during May and production for that month was probably equal to that of May last year. Reports from important trade and marketing associations indicate that production is now running somewhat above that of a year ago in some sections. Pasture conditions are an important factor in influencing production during June, July and August. Pastures are now good in most of the important producing regions.

Prices in recent years have seldom changed materially from prices prevailing in May until near the middle of August. Production now appears to be close to that of a year ago, and may quite easily equal that of a year ago for the remainder of the summer season since last year pastures became very unfavorable for production during July and August. Trade output now appears but slightly above that of a year ago and has taken place only at materially lower prices. Storage holdings are now above those at the same time last year, and the net into storage movement to date has been heavy.

EGGS

With heavy receipts and large storage stock already accumulated, egg prices declined during May. Fresh extras at New York averaged 25.7 cents as compared with 27.5 cents in April and 32.9 a year ago. The usual spring price trend is a gradual advance, though in many years of heavy supplies, as this is, there is a decline in the summer.

Receipts of eggs at the four primary markets during May were 2,293,000 cases, about the same as in May 1929. Receipts during March, April and May total 6,838,000 cases as compared with 6,496,000 cases for the same period of 1929 and a 5-year average of 6,482,000 cases. While the seasonal flush of production is past, receipts are likely to be relatively heavy for several months. Hatchery reports showed a large increase in numbers of chicks hatched early this spring as compared with the previous year, indicating that the fall laying flocks are not only likely to be large but that pullets will begin laying early in the season.

Storage holdings on June 1 were 9,174,000 cases, the highest on record for the month for the third successive month. Holdings on June 1, 1929 were 6,705,000 cases; the 5-year average is 7,757,000 cases. Consumption has been low even though low prices have prevailed and more eggs than usual have gone into storage.

POULTRY

As a result of heavy supplies of both fresh killed and frozen poultry the farm price of chickens declined from 21.1 cents on April 15 to 20.0 cents on May 15 and 4.4 cents below a year ago. This is the lowest May price since 1917 and accompanied the largest May receipts on record.

Receipts at the four primary markets during May were 21.6 million pounds as compared with 17.3 million pounds a year ago and 19.9 million pounds in May 1927, a year similar in many respects to 1930. Supplies are likely to continue heavy during the summer and fall. Hatchery reports for April continue to show an increase in numbers of salable chicks hatched as compared with the previous year, though the increase is less than for earlier months. The increased hatchings indicate heavier supplies of broilers and fryers for the remainder of the season. Low egg prices will tend to increase marketings of fowls from the laying flocks.

Storage holdings of frozen poultry on June 1 were 61.2 million pounds as compared with 41.6 million last year, 61.5 million in 1927 and a 5-year average of 51.6 million pounds. A relatively high apparent consumption is allowing stock to move out of storage more rapidly than last year.

LAMBS

With relatively smaller supplies of lambs in May than in the preceding three months, prices made some recovery. After having made a substantial recovery during the early part of May from the low point reached in April, prices again declined. This decline carried spring lamb prices below the lowest April levels but fed lamb prices did not reach the low April level. During the latter part of May prices again advanced but did not regain all of the earlier decline. During the first week of June, prices made a further advance and the initial receipts of choice Washington lambs at Chicago sold for $13.50. Similar lambs from the same State sold early in June 1929 at $16.50 and in 1928 at $18.50. After reaching this level, however, prices again declined about 50 cents.

Supplies of lambs during May continued large. The inspected slaughter at 1,370,000 head was 14 per cent larger than in May 1929, 32 per cent larger than the 5-year May average and the largest for the month on record. This increased slaughter over last year was largely in the east and far west, reflecting the heavy supplies of early lambs from the southeast and from California. It was not shown in the receipts at the seven principal middle western markets, where receipts were 2 per cent smaller than in May last year. Total slaughter for the 5 months January to May was the largest on record, being 14 per cent larger than for those months in 1914, which up to this year was the largest.

Conditions during late lambing in the western States appear to have been much more favorable than a year ago except in Texas and prospects for summer range appear generally favorable.

WOOL

Domestic wool prices continued downward in May but transactions increased and in the first week of June prices were steady. Prices in foreign markets have strengthened materially, and purchases of raw wool have been large, in contrast with the restricted purchases when foreign mills were waiting for prices to reach bottom. Stocks in foreign primary markets are being reduced but are still high for the season. Production conditions continue favorable.

In May medium wools at Boston declined 1 cent in the grease or 1 to 3 cents scoured basis. Lower grades were unchanged to $1\frac{1}{2}$ cents lower, and fine wools were 3 cents lower to 1 cent higher. The rises were on strictly combing 64s, 70s, 80s and amounted to 1/2 cent on Ohio and similar grease and 1 cent on territory scoured basis. The farm price on May 15 was 19.6 cents compared with 31.3 cents last year. London prices on May 30, at the close of the London Wool Sales, were unchanged to 2 cents above the opening and 3 to 7 cents above the close of the previous sales on April 9. The greatest rises occurred on 60s and finer, and on 48s and 50s. These rises in foreign markets further narrow the spread between foreign and domestic prices. Last fall and winter the margin of domestic over foreign prices was so great that rapid downward adjustments in domestic prices would have been necessitated even if domestic demand had remained strong.

Domestic consumption cotinues to reflect the reduced consumer purchases, consumption of combing and clothing wool for April being 22,688,000 pounds compared with 23,730,000 in March and 29,893,000 pounds last April. The reduced domestic consumption is of course, the factor which has recently affected prices adversely. The report of stocks held by dealers and manufacturers on March 31 and low imports indicate that domestic stocks have been

reduced. Receipts of domestic wool at Boston in April and May were larger than last year indicating perhaps that domestic producers are not holding wool off the market as they did in the early part of last year.

Stocks in Argentina and Uruguay have been greatly reduced and stocks in Australia, although still large are materially below earlier months. Conditions in principal producing countries, except in Russia where sheep numbers have been reduced, continue favorable for the 1930 clip.

COTTON

Cotton prices declined materially during the latter half of May and the first part of June and are now lower than at the same time in any year since 1921. Exports, domestic consumption, foreign mill takings are low and trade is slow in cotton textiles generally. Stocks of cotton in the United States have not diminished as rapidly as usual and are now large for this time of the season. World stocks of foreign cottons are also higher than last year. Weather in the South has been only fair for cotton growth and fertilizer sales have been slightly lower than a year ago.

Cotton prices continued their downward trend in the past month, middling 7/8 inch spot cotton at the 10 markets going from 15.32 cents on May 2 to 13.56 cents on June 12. Farm prices on May 15 were 14.5 cents per pound against 18.0 cents a year earlier and 13.9 cents on May 15, 1927. Since about the 18th of May both spots and futures, except for May and July contracts have been lower than for the corresponding dates in the 1926-27 season, and are the lowest since 1921. Spot and near month futures prices have been strong as compared with foreign prices and new crop futures. This situation has been changing recently, however, especially since June 9, when prices on spots and near month futures declined much more than on distant futures.

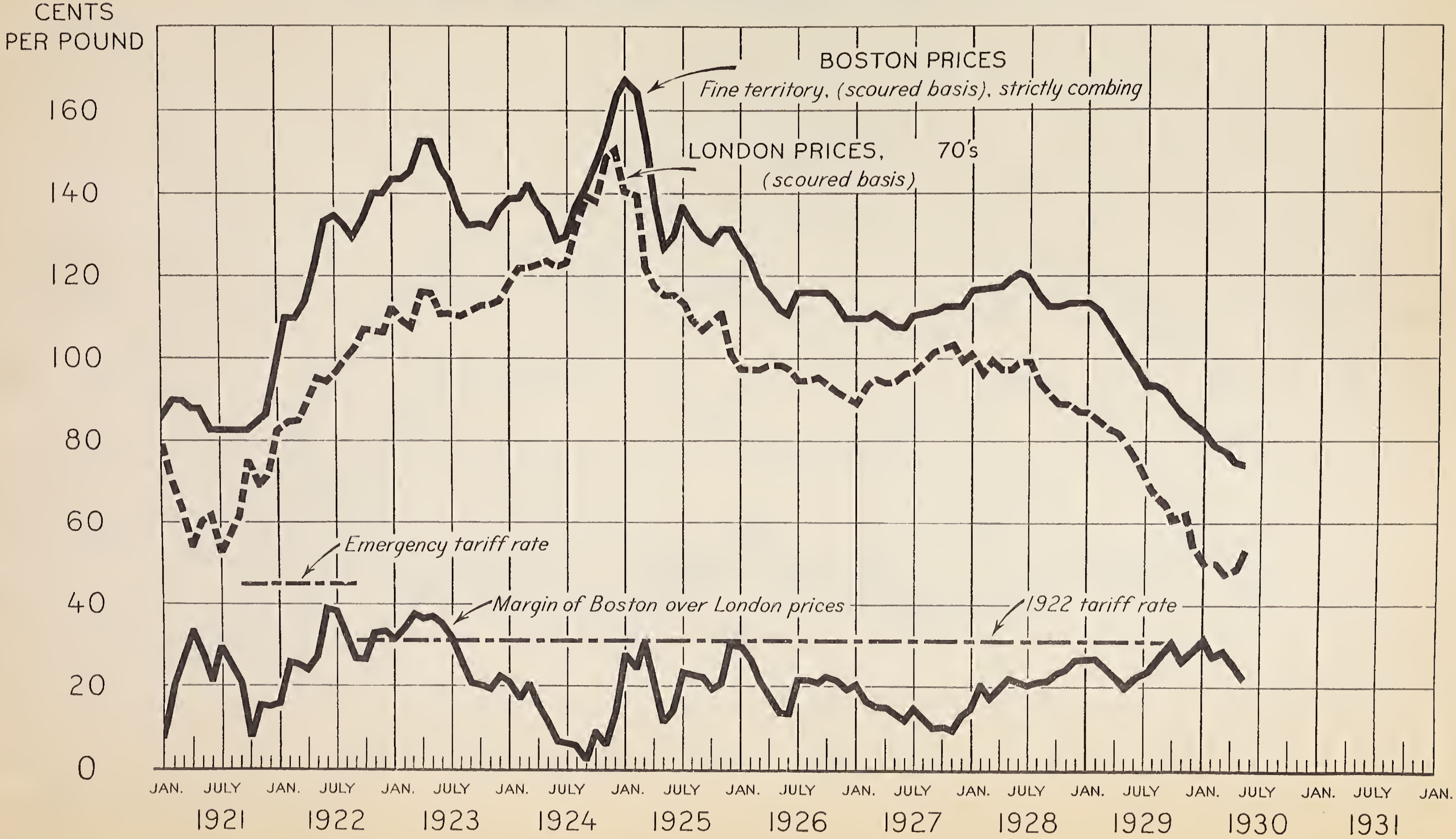
The low prices so far this season have been associated with reduced demand for American cotton, due partly to reduced consumer demand and partly to larger supplies and lower prices of foreign cottons. Because of the slower disappearance of American cotton, apparent stocks remaining in the United States on June 1 were 5,612,000 bales or 19 million above last year and slightly above those of June 1, 1927. The world visible supply of foreign growths of 2,647,000 bales on June 6 was 410,000 above last year, according to the Commercial and Financial Chronicle. Rainfall in the eastern part of the cotton belt has been rather light whereas in the western part rains have been heavier and in some places excessive. Temperatures have been somewhat below those most favorable to cotton growth over the belt generally, according to reports of the Weather Bureau. Fertilizer tag sales in 8 important cotton States have been 2 per cent below last year and $4\frac{1}{2}$ per cent below 1928.

Domestic consumption in May was again lower than last year, being 474,000 bales, a decrease of 195,000 bales as compared with May 1929. This makes the total consumption for the season from the first of August to the

first of June 5,330,000 bales or 644,000 less than for the corresponding period a year ago. Production and sales of cotton cloth have been materially reduced reflecting the slow retail sales and low exports of cotton cloth.

Exports of cotton fell to 209,000 bales in May or 104,000 bales below May 1929. Exports from August 1 to June 1 amounted to 6,329,000 bales compared with 7,507,000 bales for the corresponding period last season. The low exports have reflected the keen competition offered American cotton by cheap foreign growths and lower foreign consumer demand. Recently the comparative strength of prices in the domestic market has had a further retarding effect on exports. Although demand for textiles continues strong in France, it continues weak in Germany and other central European countries. The Indian troubles are affecting British export trade, and receding business conditions in Japan, the Indian tariff, and low silver exchange are adversely affecting Japan's cotton textile trade.

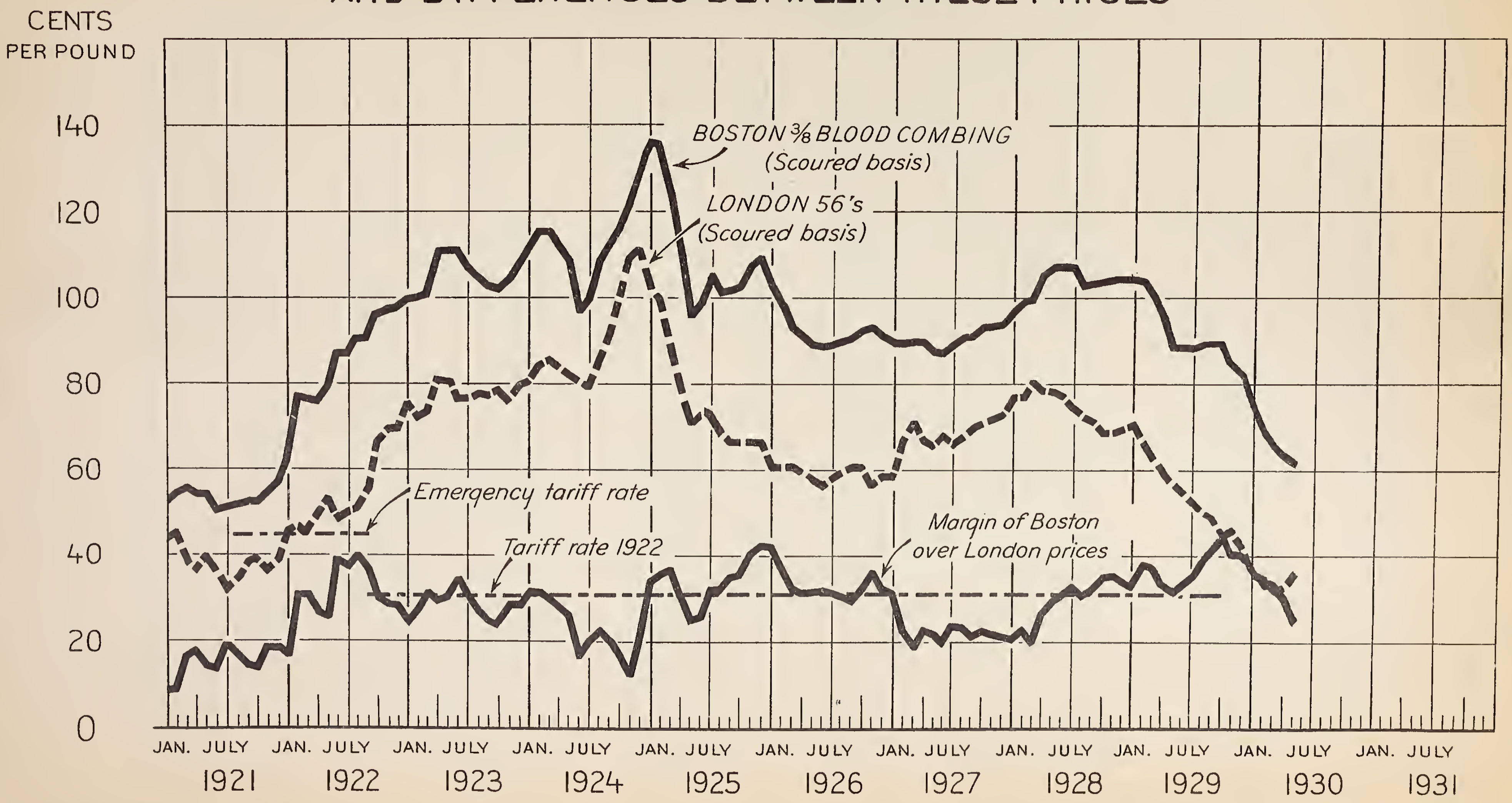
Prices for Fine Grades of Wool in Boston and London and Differences Between These Prices 1921 to Date



U.S. DEPARTMENT OF AGRICULTURE

BUREAU OF AGRICULTURAL ECONOMICS

PRICES FOR MEDIUM GRADES OF WOOL IN BOSTON AND LONDON AND DIFFERENCES BETWEEN THESE PRICES



U.S. DEPARTMENT OF AGRICULTURE

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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

For release July 15, 1930

THE PRICE SITUATION, JULY 1930

FARM PRICES

The general level of prices received by producers on June 15 was the lowest for the season to that date, and continued price declines for agricultural products since the middle of June have reduced farm prices to the lowest level since 1922.

The index of farm prices showed a decline of one point from May 15 to June 15, compared with a 3 point decline in the preceding month, and the level on June 15 was 123 per cent of the pre-war level, against 135 per cent in June last year. Most of the commodities in the index showed declines except corn, apples, hogs and lambs. Since June 15 a number of commodities such as wheat, oats, cattle, hogs and cotton have reached new low levels for the season in response to crop prospects, recessions in business, and lower prices of other commodities in general both in this country and abroad. In the second week of July the level of farm prices was probably several points below the level on June 15.

THE GENERAL COMMODITY PRICE LEVEL

The general commodity price level continued to decline during June, the decline amounting to about 4 per cent between the first week of June and the first week of July. At the present time the general commodity price level is the lowest for the past 13 years.

According to the Annalist index numbers, prices declined from 132 on June 3 to 124.6 on June 24, and were 125.2 on July 1. The slight recovery in the last week of June which occurred in farm and food products was lost in further recessions which took place after July 1. The continuation of the commodity price decline in June was again shared by all groups in the general index; farm products fell 12 points; food products fell 7 points; building materials 6; textiles 4; metals 3 and fuels and chemicals 1. The commodity price decline continues to reflect world wide business conditions.

A comparison between the recent commodity price decline in the United States and in other countries will be found on the last page of this report. The index of the Bureau of Labor Statistics from June 1924 to May 1930 is there compared with an index of prices for eight other countries which on the average take nearly three-fourths of the agricultural exports from the United States 1/.

1/ The indexes for these countries (United Kingdom, Germany, France, Italy, Netherlands, Canada, China and Japan) have been combined according to their relative importance as importers of agricultural products from the United States.

The commodity price levels in the United States and in other countries have tended downward since 1925. During the course of the present business cycle, prices in the United States have declined from 100 in September 1928 to 89 in May 1930. The level of prices in other countries declined from 97.5 in May 1928 to 84.5 in May 1930, a drop of 13 points compared with 11 in the United States. Both indexes will show lower levels when the June data become available. During the course of the preceding business cycle the decline in the United States prices from the peak to the low point was 11 points from 104.5 (in November 1925) to 93.5 (in May 1927) and the level of prices in other countries declined 12 points from 107.5 in January 1925 to 95.5 in December 1927.

BUSINESS CONDITIONS

Business activity in June continued the downward tendency that became evident in May. Important industries are reducing their production from the levels maintained during the first quarter back to the low level of last December. Employment and wage payments have been further reduced. Consequently the buying power of consumers and the industrial demand for farm products is now at the lowest level reached so far in the present depression.

During June and the first part of July basic industries such as the iron and steel, automobile and textile, reduced their volume of output. This has been reflected in a lower volume of freight traffic and in reduced consumption of electric power; both of these indexes of general business conditions showing that the partial recovery from the decline of last winter has been practically lost and that the present level of activity is the lowest reached so far this year.

As the result of the declines in May and June and those in progress so far in July, some wage reductions, together with the laying off of employees in the iron and steel, automobile, textile industries and other industries has brought the earning of factory employees nearly 20 per cent below the high levels of last year and about 12 per cent below the comparable level of 1928.

The recessions in industrial activity in June were accompanied by a severe decline in industrial stock prices to an average level not much above that of last November. Interest rates continued to decline as a result of the low demand for credit and increasing supply gold and funds released by the Federal Reserve Banks through their purchases of Government securities.

So far the nature of the present business recession has been quite similar to that of 1920-21, though of course the decline has not been as great. From the peak of June 1920, industrial activity declined gradually until October and then sharply to April 1921, the decline during this period amounting to about 33 per cent. A slight recovery thereafter was followed by a slight recession and after the low point of July 1921, a revival in business began and continued to the middle of 1923. In the present recession, the decline from June to March amounted to 20 per cent and the slight recovery thereafter has given way to a further recession in June and July. The numerous elements that are involved in the present business situation

make it impossible to indicate just when the end of the present downward movement will be reached, but there are certain factors in operation which in the past have laid the foundation for a termination of recession and eventual recovery. These factors are very low interest rates, increased commercial bank credit and large flotations of new securities which eventually create an increased demand for commodities and for labor. While building activity has been at low levels during recent months, the value of contracts awarded in June was greater than in the similar period of a year ago, the first month to show such a relative increase since July 1929.

The considerable reduction in factory employment has been reflected to an unusual degree in a reduction in farm wages. A large number seeking farm employment in face of a reduced demand on the part of farmers because of generally low agricultural prices have created a supply of farm labor in relation to demand about 25 per cent greater than a year ago. This situation has reduced farm wages by about 13 per cent below the level of last July.

WHEAT

The United States average farm price of wheat as of June 15 was 87.9 cents a bushel, a fraction higher than the middle of May average of 87.5 cents. Prices declined during the latter half of June, so that for the month as a whole they were lower than in May. The average for all classes and grades in six markets was 94 cents compared with 101 cents per bushel for May. Declines were greatest in the winter wheat regions where the crop is now moving to market. From the week ended June 6 to the week ended July 4, No. 2 hard winter wheat at Kansas City declined 19.2 cents, and No. 2 red winter at St. Louis 19.9 cents per bushel, while No. 1 dark northern spring at Minneapolis declined 12.8 cents and No. 2 amber durum at Minneapolis 12.4 cents per bushel.

The prospect for the world wheat crop for the current season is still uncertain. While production is likely to be somewhat larger than that which resulted from the small yields of 1929-30, a year of unusually high yields for the world as a whole is not in prospect. The United States crop is now officially forecast at 807 million bushels, which is only slightly above that of last year. The Italian crop is forecast to be much smaller than last year's and, while no official estimate is available, indications point to a much smaller crop in France. In the Danube Basin the crop is forecast to be larger than last year, and this will tend to offset the smaller crops of some of the western European countries; but much smaller supplies are available in Argentina than a year ago.

The twelve countries for which estimates or forecasts are now available are indicated to have a crop of 1,908 million bushels - 80 million larger than that of 1929. On the whole, European countries for which official forecasts are not available are likely to have smaller crops than those of last year, so that the total crop of Europe, excluding Russia, will be smaller than in 1929. In Canada conditions are slightly better than at this time

last year, so that with favorable weather from now on an average crop might be obtained, while weather during the next few weeks such as prevailed during the corresponding period of last year, would again result in a small yield. The area in wheat is officially reported as 24,583,000 acres or 2.7 per cent smaller than in 1929.

While complete data on the carryover as of July 1st are not now available, present indications are that the total of accounted for stocks of old wheat in the Northern Hemisphere plus the remaining exportable surplus in the Southern Hemisphere is likely to be about 100 million bushels less than a year ago. In the United States farm stocks are estimated at 47 million bushels, compared with 45 million a year ago, and the visible supply is somewhat larger than last year. Stocks of merchant mills and of country mills and elevators are still to be determined.

In view of the apparent carryover and present crop reports, it appears that the total world supply for the 1930-31 season is likely to be close to that of last year. Prices in the United States about the middle of July, however, were about 50 cents per bushel below their levels of a year ago. Apparently the reason for a large part of the difference in prices is to be found in the general price level and the general demand situation. Consequently it seems likely that when improvement begins to take place in the business situation this will tend to improve the level of wheat prices. Since wheat is dealt in on speculative markets, improvement in business conditions may be expected to have an immediate effect upon wheat prices. The development of world crops will, of course, be important in determining wheat price movements. However, once there has been a marked improvement in business conditions, it seems likely that even with favorable crop conditions, wheat prices would not be materially below present levels, while development of crops in accord with present indications would result in considerable improvement from present prices.

A significant phase of the present wheat price depression is to be found in the fact that the carryover has not been reduced to normal proportions following the generally low yields of 1929-30. However, despite the business depression, increases in duties of many importing countries, and other unfavorable factors, there has apparently been a reduction of about 100 million bushels in the carryover. If total supplies for the current season turn out to be about the same as those of last year, a continuation of present wheat price levels would probably result in more than a 100 million bushel decrease in carryover into next year. Such a decrease would bring the world carryover down to normal levels. In view of this, any evidences of improvement in business conditions and more particularly any evidences of an increase in the consumption of wheat would justify wheat prices higher than the very low prices now prevailing.

July 1 conditions indicated a hard winter wheat crop of 340 million bushels, about 4 million bushels smaller than that of last year, and a soft winter wheat crop of 175 million bushels or about 13 million bushels below last year. In the case of spring wheat, indicated production is larger than last year, that of hard red spring is 154 million or 14 million bushels larger, while that of durum is 60 million bushels or 4 million larger. In

the case of white wheat, the indicated production of 78 million bushels is the same as last year.

In view of the indicated production by classes it is apparent that there will be a large surplus of hard winter wheat for export while the soft winter wheat crop east of the Rocky Mountains will be scarcely equal to domestic requirements. Soft winter wheat prices consequently may be expected to maintain an advantage over hard winter prices similar to that of the past season, though their level will also be affected by the world situation because of the possibility of substituting the softer of the hard winter wheats. Hard red spring wheats of high quality appear likely to sell above a world market basis during most of the season, though there may be small exports of certain qualities or at certain times during the year. Durum markets will, as usual, be on an export basis and, although the United States crop is slightly larger than last year, smaller crops in North Africa and Italy seem likely to result in the world durum crop being smaller than that of last year.

RICE

Prices of milled southern rice made a small advance during the latter part of June but receded at some markets during the first week of July, leaving prices in the southern belt about the same as they were a month ago. Stocks of southern varieties are very low and assortments are poor but demand for the remainder of the crop year is also expected to be low, consequently little change in prices is anticipated before the new crop begins coming in unless the quality of Early Prolific should be high enough to substitute for Blue Rose.

Exports of southern rice during June held up well amounting to about 17 million pounds or about the same as for May. Domestic buying during June, however, fell below May, mill sales during June being 37 million pounds as compared to 57 million during May and 65 million pounds for June, 1929. Mill stocks of rough and milled rice on July 1 amounted to 725 thousand pockets (100 pounds cleaned equivalent) as compared with one million pockets on June 1 and 865 thousand pockets on July 1, 1929. The carryover this year will likely be less than that of any crop year since 1924-25 when it was unusually small.

Present indications are that the millable supply of rice for the southern area for the 1930-31 season will be about one-half million barrels less than it was for the 1929-30 year. According to official reports, crop conditions as of July 1 indicate a production of about 32 million bushels in the southern belt this year. This is about 2 million bushels less than the 34 million bushels harvested in that area last year.

Prices of milled California rice have remained practically unchanged during the past month, whereas prices of rough rice have shown slight advances. Exports of California rice continue very low. Japan has not taken much California rice this year and it is not anticipated that the spread between Tokio and San Francisco prices will be sufficient during the next month to encourage Japanese buying. Shipments to Hawaii, however, continue to hold up to the level of last year. The estimated holdings of rough rice in California farmers' hands on July 1 were between 600 to 650 thousand bags (100 lbs.) which is relatively large for this season of the year.

POTATOES

Changes in farm prices of potatoes between May 15 and June 15 reflected the different supply conditions in different sections of the country. In response to the very light supplies of old crop potatoes, prices on June 15 were 6 per cent higher than on May 15 in the West North Central area, 3 per cent higher in the far West and 2 per cent higher in the East North Central States. Increasing supplies of new crop potatoes resulted in a 15 per cent decline in the South Central States and a 4 per cent decline in the North and South Atlantic area. For the country as a whole the average price on June 15 at 148.6 cents per bushel was about one per cent lower than on May 15, as compared with 63 cents in June 1929.

Since June 15 increased shipments of new crop potatoes have reduced potato prices considerably. At New York new stock potatoes declined from about $3.00 per 100 pounds during the middle of June to less than $2.00 in the second week of July. A similar decline took place on new crop potatoes at Chicago. Prices at these markets appear to be lower than current supplies would ordinarily warrant.

The total 1930 potato crop as indicated by July 1 conditions is approximately 400 million bushels. This represents an average supply but is nearly 13 per cent greater than last year's small crop. July estimates of the total supply are, of course, subject to changes in crop conditions up to harvest time in the northern States. Should a crop of around 400 million bushels materialize, it would approximate the supply of 1927. In that year the general level of farm prices declined from 146 cents per bushel in August to 94 cents in January and then advanced to 117 in March of 1928. The entire crop of 1927 brought farmers an average price of 108 cents compared with 149 in June of this year and an average price for the 1929 crop of 138 cents. In appraising the course of prices this season it should be borne in mind that food prices in general are about 10 per cent lower than in 1927.

FLUE-CURED TOBACCO

Taking into account the present acreage, stocks on hand and growth in demand for tobacco, the market prospects for the 1930 crop of flue-cured tobacco do not appear to be greatly different from those at this period of last season. The total acreage of this type is 3.5 per cent larger than in 1929. Figures showing stocks in the hands of dealers and manufacturers on July 1 are not yet available; however, judging by exports of leaf and tax sales on tobacco products it is probable that the July 1, 1930 stocks were but little larger than those of a year ago. Exports for the first 11 months of the year beginning July 1, 1929 were 416,000,000 pounds compared with 395,000,000 pounds for the corresponding period of the previous year and cigarette tax sales were about 5 per cent larger for the first 11 months of the past fiscal year than for the corresponding period of the previous year.

CORN

Cash corn prices were about the same level in June as in May. The United States average farm price as of the middle of the month was 87.9 cents compared with 87.5 cents per bushel in May. No. 3 Yellow at Chicago averaged 79.1 cents per bushel in June against 78.6 cents the previous month. Early in the month there was a slight improvement, No. 3 Yellow at Chicago rising from an average of 78.1 cents per bushel during the last week of May to 80.0 cents for first week of June and 80.5 cents for the second week. About the middle of the month there was a sharp decline which carried the average for the week ended June 20 down to 76.4 cents per bushel, and the averages for the two following weeks were within a fraction of this figure.

July 1 conditions indicate a new corn crop in the United States of 2,802 million bushels. Such a crop, while considerably larger than that of last year would be about average and very nearly equal to that of 1928. As compared with last year the principal increases indicated are in the eastern and southwestern parts of the Corn Belt where yields were low last year.

Receipts at 14 primary markets during June amounted to 17.6 million bushels or about the same as in June 1925 and considerably smaller than for any year since 1925. Shipments from these 14 markets on the other hand, were relatively large, amounting to 15.6 million bushels which, with the exception of June 1928 represents the highest level of June shipments since 1922. Commercial stocks as of July 5 amounted to only 6.2 million bushels, having decreased by 4.7 million in four weeks. Commercial stocks of corn usually reach their low point about the first of November and in recent years the reduction from the first of July to the first of November has amounted to around 10 to 15 million bushels. From the stocks situation it is evident that the commercial users of corn will this year be dependent to an unusual degree upon receipts from country points during the remainder of summer and early fall. Unless receipts during the next few months are larger than usual, market supplies will be much below normal, pending the time when a considerable volume of new crop corn is to be had. Wet process

grindings during June amounted to 6.1 million bushels compared with 6.6 million in May and 6.7 million during June of last year.

There is likelihood that the corn market during the next few months will be erratic on account of the very small market supplies of old corn. At the present time, low prices of wheat and other feed grains appear to be the principal bar to higher corn prices. Other feed grains and wheat will probably be substituted for corn to a considerable extent, but whether they will relieve the demand for corn sufficiently to prevent corn from being bid up to higher levels is uncertain. In addition the market will be confronted with the usual uncertainties of changing crop conditions and these conditions will have some effect upon prices for the remainder of the old crop. Farmers who still have corn to sell would do well to hold themselves in position to take advantage of the situation if any unusual rise in prices should occur from July to September. Improvement in the business situation or in general speculative sentiment would tend to help corn prices, but it should be borne in mind that during the fall months, cash prices usually decline as the new crop begins to come on the market and this might counteract the effect of any improvement in business.

HOGS

After holding comparatively steady at around $10.00 from the middle of March hog prices showed considerable weakness during the last three weeks in June. The decline was largely due to a falling off in demand and was accompanied by a general drop in other commodity prices. Storage supplies of pork do not appear burdensome and indications point to a greater seasonal reduction in market supplies of hogs during the next three months than that of last year. Hog supplies usually fall off during July and August and this is usually accompanied by a seasonal advance in prices. Whether or not prices will follow the usual trend this year will depend largely on changes in the demand situation.

The average cost of packer and shipper droves at Chicago in June was $9.52 compared with $10.72 in June last year and about $10.00 for March, April and May this year. The average for the last week in June of $8.73 was a new low for the season. Prices advanced during the first part of July and averaged $8.96 for the week ended July 12 but this was $2.44 below the average for the corresponding week last July.

Wholesale prices of most fresh pork cuts at New York declined sharply during June. They held steady during the first week in July but at a level considerably below that of the corresponding period a year earlier. On the other hand, there was a strengthening tone in the cured pork product market, both at home and abroad. Prices for these products however, did not rise so much as they did last June and for the first week in July averaged somewhat below the corresponding week in 1929. Lard prices went to a new low level during the month and the average of refined lard at New York for the first week in July was $11.62.

Federally inspected hog slaughter in June was nearly 2 per cent smaller than in June 1929 and about 10 per cent smaller than in June 1928. Slaughter at Chicago and at some of the river markets was considerably larger than in June last year but decreases were quite general at other centers.

Storage supplies of hog products continue relatively small. Stocks of pork amounting to 678 million pounds on July 1 were slightly larger than those on June 1 but were 19 per cent smaller than those on July 1, 1929 and 14 per cent smaller than the five-year average for that date. Stocks of lard of 121 million pounds were 40 per cent smaller than on July 1, 1929 and 27 per cent below the five-year average.

Exports of fresh and cured pork during May were 8 per cent smaller than those in May 1929 but were 5.4 per cent larger than the three-year (1927-1929) May average. Lard exports were 3 per cent under those of last May and were about the same as those for the three-year average.

Present indications are that hog slaughter during the summer and early fall will be considerably smaller than the unusually large slaughter during that period last year. According to the June 1930 pig survey the number of hogs six months old or over in the Corn Belt States on June 1 was about 8 per cent less than on June 1, 1929.

The June pig survey indicated a reduction of about 6 per cent in the number of pigs saved in the United States this past spring as compared with the number saved from the spring crop of 1929. The indicated reduction in the Corn Belt States was 3 per cent. If the pig survey forecasts changes in marketings in the same way as have the June surveys for the last three years, the market supply from this year's spring crop in the Corn Belt will be little different from the supply from the 1929 spring crop and somewhat smaller than that from the crop farrowed in the spring of 1928. The indications are that the fall pig crop will not be greatly different from that of last fall.

CATTLE

Cattle prices made a further sharp decline in June to the lowest levels in over three years. The decline in cattle prices, which had been gradual since March, became more precipitous in June and carried the level of prices of nearly all kinds of cattle to the lowest point since early in 1927. The decline in prices during the four months, March to the end of June, was one of the most severe ever experienced by the cattle industry, being exceeded only by the decline in the fall of 1920. The severity of the decline is indicated by the following comparisons. The average price of beef steers at Chicago declined from $12.53 to $9.93 from the first week in March to the last week in June, a period when the average price usually advances; choice steers declined from $15.05 to $11.86, a part of which was seasonal; common steers declined from $10.86 to $7.86, when the usual trend is upward; stocker and feeder steers at Chicago from $10.74 to $7.04 and at Kansas City from $11.26 to $6.80. Prices of butcher cows reached the lowest level since early 1927 and the lowest for June since 1925;

veal calves reached the lowest level since June 1925.

Compared with prices at the end of June 1929, the decline in the average price of beef steers was over 30 per cent, of choice steers it was 21 per cent, of common steers it was nearly 35 per cent, of stocker and feeder steers at Chicago it was over 40 per cent, of stock cows at St. Paul it was over 40 per cent.

The severe decline in cattle prices in June was associated with similar declines in other agricultural commodities, weakness in the stock market and the unfavorable business condition. Decreasing consumer demand was reflected by sharp declines in wholesale prices of dressed beef. Supplies of cattle were relatively small; receipts at seven leading markets were 11 per cent larger than in June 1929 but 7 per cent smaller than the 5-year June average; inspected slaughter of cattle was 3 per cent larger than in June 1929 but 12 per cent below the 5-year June average. Total supplies of beef steers at Chicago were 23 per cent larger than in June last year, but choice and good steers were 14 per cent smaller. Calf slaughter was 4 per cent larger than in June last year. This increase in receipts over a year ago however is largely due to an additional Monday in June this year, which is a day of heavy receipts.

Total inspected slaughter of cattle for the first six months of 1930 decreased about 1 per cent below the same period in 1929 and was the smallest since 1921. Both steer and cow slaughter was smaller than last year. The decrease during this period would normally point to a decrease of 3 or 4 per cent in slaughter during the second half of 1930. If the reaction of cattle growers to the sharp break in prices this fall is similar to that following the break in 1920, however, a considerably larger decrease may take place.

Cattle prices early in July seem to have more than discounted the unfavorable demand conditions and are low relative to both current and prospective supplies. Some recovery in prices seems likely unless cattle feeders and graziers should flood the market with unseasonal supplies.

BUTTER

Butter prices were steady during June, the price of 92-score butter at New York fluctuating between 32½ and 33½ cents during the month, but on July 7 prices advanced to 34 cents. The monthly average price for June of 32.9 cents was 2 cents below the average for May and 10.6 cents below June 1929. Prices paid to producers for butterfat on June 15 declined even more than market prices because of price declines during the latter part of May. On June 15 the price received by producers averaged 31.6 cents compared with 36.5 cents in May and 43.6 cents in June last year. The decline was general in all parts of the United States, but was slightly more in the principal producing area and less in the eastern States.

Receipts of butter at the four principal markets during June were 79,563,000 pounds, about 1.6 per cent above June last year but 4.3 per cent below the 5-year average of receipts for June. During the first week of June receipts were about 7 per cent above the same week last year, but dur-

ing the last three weeks of June and the first week of July receipts were below a year ago. Cold storage holdings on July 1 of 106,727,000 pounds were the largest on record for that date. Storage holdings were 91,962,000 pounds on July 1 last year, the previous record holdings for that date, and have averaged 80,458,000 pounds on July 1 during the past 5 years. The net into storage movement during June of 56,349,000 pounds was smaller than usual and compares with 63,593,000 pounds in June 1929 and a five-year average of 57,794,000 pounds. This smaller net into storage movement has reduced cold storage holdings from 22,000,000 pounds above a year ago on June 1 to 15,000,000 pounds above last year on July 1.

The estimated production of butter during May was the heaviest on record and was 2 per cent greater than in May 1929. This was the first month in 1930 that production exceeded the corresponding month in 1929 and for the first five months of 1930 production was 1.2 per cent below the first five months of 1929. The unfavorable price for dairy products during the winter months curtailed feeding and cut down production, but favorable pasture conditions and the cool weather during May largely account for the marked increase in the production of butter in May over the earlier months. Production in the principal butter producing States, Minnesota, Wisconsin and Iowa showed an increase of 6 per cent over last year while production in the centralizer territory (Kansas, Nebraska and Missouri) was 10 per cent below last year. Pasture conditions during June declined materially in the Central and South Central States due to continued lack of adequate rainfall, and in all probability June production will not show the same rate of increase over June 1929 as was reported for May. Reports from cooperative marketing and trade associations indicate that production in their territories during the first part of July was below that of a year ago.

Consumption in May was 1.2 per cent below May last year while for March and April consumption was above a year ago. Consumption for the first five months of 1930 was just slightly above consumption during the same time last year.

The spread between New York and Copenhagen prices decreased from 8.6 cents in May to 5.2 cents in June. With this smaller spread, together with the higher tariff rate on butter, it is unlikely that imports will be a factor in the price situation during the next few months.

Butter prices are usually steady during June and July and then begin their seasonal rise during August, which continues to November or December. The time at which the seasonal advance begins and the extent of the advance is affected somewhat by cold storage holdings and consumer demand for butter. In past years, when cold storage holdings have been large, the seasonal advance has begun later in the year and the price advance has been less than usual. Demand for butter in the past has shown a close relationship to business conditions and a low rate of business activity has been accompanied by less than the usual seasonal rise in price.

EGGS

Egg prices during June were lower than in May, the decline being largely due to poor consumptive demand, since receipts were lighter than a year ago. The price of fresh extras at New York averaged 25.3 cents, about a half cent below the May price and two cents below the level established in early spring. The price in June 1929 was 32.9 cents.

Receipts at the four primary markets during June were 1,655,000 cases as compared with 1,748,000 cases a year ago. However, receipts during the first 10 days of July this year have exceeded those for the same period in 1929. Summer and fall receipts are not likely to be materially different from those of other years as there is usually little variation from year to year in this period. Hatchery reports have indicated that, since many of the pullets were hatched early this spring, they will begin to lay early this fall. On the other hand, it is doubtful if as many pullets will be saved as last year.

Storage holdings on July 1 were the highest on record for the date, for the fourth successive month being 10,742,000 cases as compared with 8,510,000 cases last year and a 5-year average of 9,538,000 cases. A low rate of consumption has tended to force eggs into storage. These heavy storage stocks make certain a plentiful supply of eggs during fall and early winter.

POULTRY

The decline in poultry prices continued during June, due largely to heavy supplies of both fresh and frozen poultry. The farm prices of chickens on June 15 was the lowest for that date since 1917, being 19.0 cents, a cent below the May 15 price and 5.6 cents below the price a year ago.

Receipts of dressed poultry at the four primary markets during June were the largest on record for the month, being 23.3 million pounds as compared to 20.2 million pounds last year and a 5-year average of 19.7 million pounds. Hatchery reports indicate that receipts will continue heavy during the summer and fall. With the present low egg prices there will probably be more pullets marketed than last year when favorable prices encouraged egg production.

Storage holdings on July 1 were 54.1 million pounds as compared with 42.0 million pounds last year and a 5-year average of 45.1 million pounds. Storage stocks usually decline until September or October when the into storage season begins.

LAMBS

After having made a recovery about the first of June lamb prices again declined. The decline continued through most of the month, and at the low point at the end of the month top prices were as low as during the low period in May. Prices on lower grade lambs - culls and common - reached the lowest levels in many years, bringing only between 5 and 6 cents a pound at Chicago. Sheep prices also declined sharply, with the top on fat ewes at Chicago around 3 cents a pound - the lowest level in almost 20 years.

The decline in lamb and sheep prices reflected both large supplies and the poor demand for all meat animals. Slaughter in June was the largest on record for the month, being 17 per cent larger than in June 1929 and 21 per cent above the 5-year June average. Supplies the latter part of June were especially excessive at eastern markets reflecting heavy marketings of early lambs from the southeastern States. The unusual proportion of light unfinished lambs in the supply indicates a tendency on the part of producers to market lambs regardless of condition.

WOOL

Domestic wool prices held unchanged from early June into the first part of July. Trade in raw wool at Boston increased in late May and was fairly active through the middle of June but in the last of June and the first week of July it slackened in view of the uncertainty about foreign prices. The London Wool Sales opened on July 8 with prices generally 5 to 10 per cent below the closing prices of the previous series. This decline reflects the unfavorable textile conditions abroad. Stocks of raw wool in foreign primary markets have decreased considerably but are still large for this time of the year. Information as to sheep numbers and growing conditions in most countries points to another large world clip.

Boston prices for Ohio and similar grease wool have held at 30½ cents per pound for 64s, 70s, 80s (fine) through June and the first of July, and at 29½ cents for 56s (3/8 blood). Prices received by producers on June 15 averaged 19.2 cents per pound, compared with 19.6 on May 15 and 30.2 on June 15, 1929. The stronger foreign prices from March to June helped to narrow the margin of domestic over foreign prices and caused the steadiness in domestic prices during June. In the latter part of June the prices of tops and yarns at Bradford declined in response to lower consumer demand, and at the opening of the London Wool Sales on July 8, raw wool prices registered declines of 5 to 10 per cent.

Domestic wool consumption continued slightly downward in May when the consumption of combing and clothing wools totaled 22,245,000 pounds compared with 28,530,000 in May a year ago. Although trade in raw wool at Boston increased in the first part of June, it appears to have been in response to small stocks held by consuming establishments and to the stabilized wool prices in that period rather than to an increase in domestic consumer demand.

Since March the receipts of domestic wool at Boston have been considerably higher than last year and for the month of June they totaled 53,517,000 pounds, compared with 40,094,000 pounds in June last year, and 50,083,000 in June, 1928. Apparently domestic producers are not withholding wool from the market as much as they did in the early part of last year. Imports of combing and clothing wool were low in May, totaling 7,219,000 pounds, compared with 10,848,000 pounds in April and 8,327,000 pounds in May last year. These continued low imports will tend to prevent an accumulation of stocks in the domestic market. Sales at foreign primary markets were accelerated from March until June while foreign prices were advancing. Stocks in these markets are still large, however. The total quantity of wool awaiting disposal in Australia, Union of South Africa, Argentina and Uruguay is estimated at about 400 million pounds on June 1

against [illegible] million on June 1 last year. In New Zealand the total amount awaiting disposal on May 1 was estimated at 110 million pounds against 38 million on May 1, 1929. The 1930 clip in Northern Hemisphere countries appears to have totaled about the same as last year, although it has probably been lower in Russia. Sheep slaughter in some of the Southern Hemisphere countries has been heavy during recent months but numbers are probably not much below those of last year, and growing conditions have on the whole been fairly satisfactory.

COTTON

Cotton prices during the past month witnessed another rather marked decline though there was some recovery from the low point of June 24. Exports, domestic consumption, and textile activity in general continue low. Stocks of cotton in the United States have not diminished as rapidly as usual and are now large for this time of the season. The estimated acreage in cultivation July 1 was 2.7 per cent below last year. The weather in the South has been fairly satisfactory for cotton growth.

From June 12 to July 12 the price of middling 7/8 inch cotton in the ten spot markets declined from 13.56 cents to 12.21 cents, a decline of 1.35 cents. The low point thus far this season was reached, however, on June 24 with the ten markets averaging 12.02 cents. There was a quick recovery of about 0.60 cents and since then prices have fluctuated within narrow limits gradually working lower. The average of the ten markets for June was 13.21 cents or 1.91 cents below May, and 5.15 cents below June last year and the lowest for the month of June since 1921. The average farm price on June 15 was 14.0 cents, a decline of one-half cent from the previous month, and was the lowest for the month since 1921. The farm price on June 15 last year was 17.9 cents, 19.7 cents two years ago, and 14.8 cents in 1927.

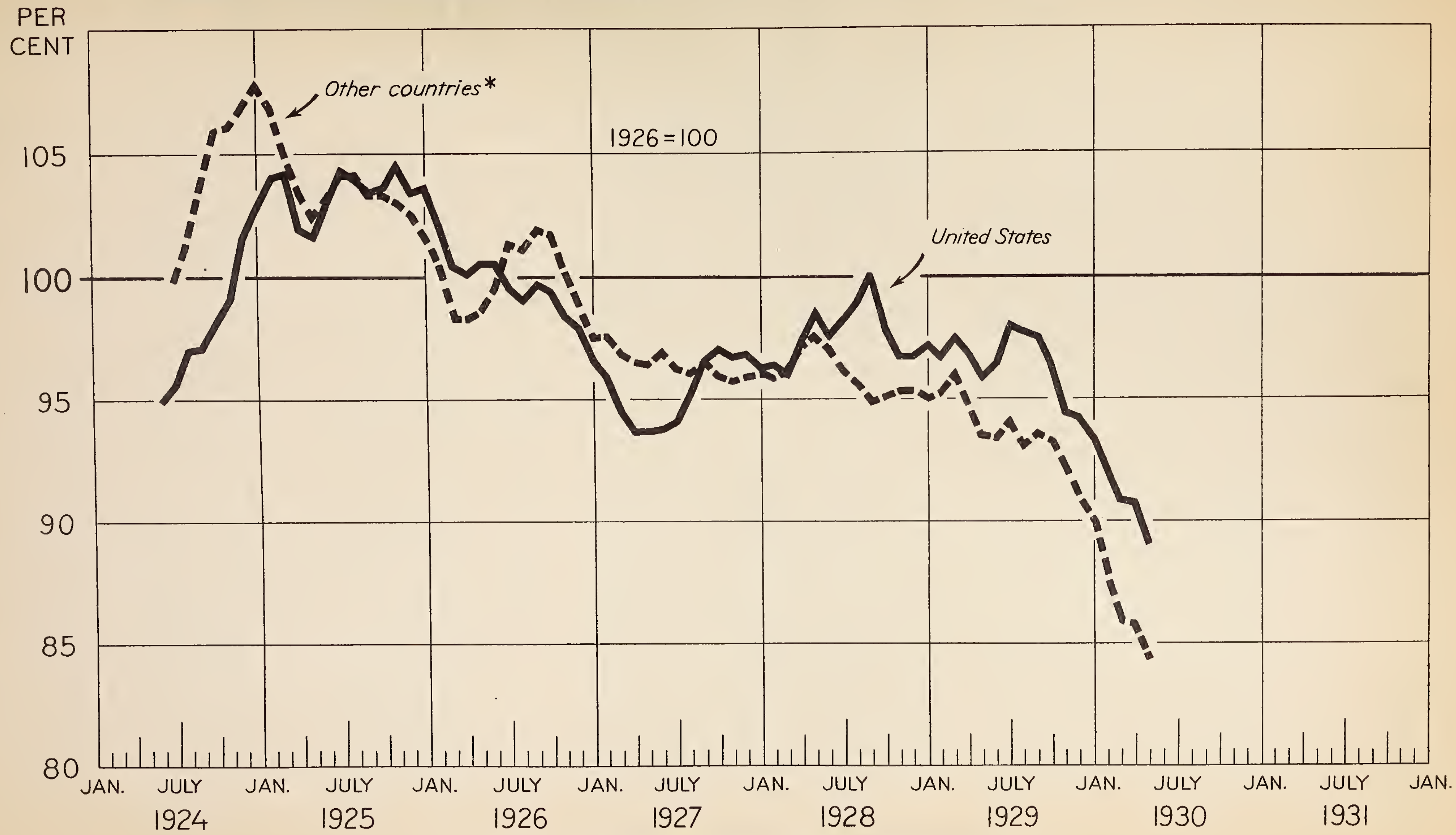
The Crop Reporting Board estimated that on July 1 there were 45,815,000 acres of cotton in cultivation in the United States. This was 2.7 per cent below last year, 2.4 per cent less than 1928, and 6.0 per cent below 1926. Weekly bulletins of the Weather Bureau for the four weeks ending July 8, indicate that the weather during this period has been generally favorable over a considerable proportion of the cotton belt. In some sections, however, the rainfall has been below normal and the temperature rather high resulting in complaints of shedding.

The apparent supply of American cotton remaining in the United States on July 1 amounted to 5.0 million bales compared with 2.8 million last year, 3.3 million in 1928 and 4.5 million bales in 1927. The present supply remaining in the United States is the largest for the date since 1921. Stocks of American cotton in European ports and afloat for Europe on July 4, according to the Commercial and Financial Chronicle, were 971,000 bales against 1,142,000 a year ago and 1,553,000 in 1928. The world total visible of all growths on July 4 was reported at 5,800,000 bales or 1,500,000 above last year, 1,100,000 greater than 1928, and about 100,000 bales above 1927.

Consumption of raw cotton in the United States during June, according to the Bureau of the Census, was 405,181 bales, a decrease of 68,736 bales from May and 164,233 bales below June 1929. The consumption for the eleven months ending June 30 was 5,735,000 bales or 809,000 bales less than last year. Reports of the Association of Cotton Textile Merchants of New York show weekly average production of cotton cloth for June to have been 50 million yards or 6 million yards below May and 21 million yards below June last year. Production in June was at the lowest rate since September 1927 when these records began. June sales were 65 per cent of production and shipments were 92 per cent of production so that stocks on hand reached the highest total since September 1927 and unfilled orders the lowest.

Exports of raw cotton for June amounted to 185,053 bales, according to the Bureau of the Census. This was 23,743 bales less than for May and 114,083 bales less than for June last year. Exports for the eleven months were 6.5 million bales or 1.3 million bales below a year ago. Textile activity in the important European countries continues rather low with the exception of France, though the activity in the French mills during May and June was not quite so great as in previous months. In Japan where mills had already curtailed production 17 per cent they voted to restrict output 10 per cent further effective June 16.

Indexes of Commodity Prices in the United States and in Countries Taking About 75 Per Cent of United States Agricultural Exports



* UNITED KINGDOM, CANADA, GERMANY, FRANCE, ITALY, NETHERLANDS, JAPAN, CHINA

U.S. DEPARTMENT OF AGRICULTURE

BUREAU OF AGRICULTURAL ECONOMICS

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THE PRICE SITUATION, AUGUST 1930

FARM PRICES

The general average of farm prices on July 15 was materially below the average on June 15. On July 15 the index of farm prices was only 111 per cent, compared with 123 on June 15 and 140 on July 15 of last year. This 10 per cent decline in one month is the greatest monthly decline in the past 20 years except for the two months of November and December 1920 when the post war price deflation was in full swing. At 111 the index of farm prices is at the level of July 1921, which marked the bottom of the farm price deflation that accompanied the business depression of 1921. In that year sharp advances took place in August, September and October.

Practically all commodities included in the index contributed to the decline. Grain prices dropped 13 per cent, fruit and vegetable prices 10 per cent, meat animal prices 10 per cent, cotton and cottonseed 14 per cent, dairy products 3 per cent and poultry products 2 per cent. Some of these price declines appear to be related to the further reduction in business activity and in the buying power of consumers which took place in July, and others to increased marketings and crop conditions in July. Since July 15 however there has been some recovery from the unusually low levels particularly in grains, hogs, butter and eggs. The reduced production together with the lower level of farm prices is resulting in a greatly reduced cash income from this season's marketings.

THE GENERAL COMMODITY PRICE LEVEL

The general level of wholesale prices was considerably lower in July than in June. By the last week of July it had reached a level nearly 20 per cent lower than that of July last year. Improvement in grain and livestock prices in the first week of August, raised the commodity price level by one per cent. Non-agricultural prices continued to decline.

From July 1 to July 29 the average of all commodity prices declined from 125 to 121 compared with 149 in July a year ago, according to the annalist index in which 1913 prices equal 100. This further lowering of the commodity price level was again due chiefly to considerable declines in farm and food products.

Wholesale prices of farm product prices fell to a level only 109 per cent of 1913 prices in the last week of July and then recovered to 112 in the first part of August partly reflecting the effect of the drought on prices of grains and dairy products. Food prices which had declined to 125 also

advanced and averaged 127 in the first part of August. Textile prices declined to 115 by the end of July and were somewhat lower in the first week of August. Prices of fuels averaged lower in July than in June, but were slightly higher in the first week of August than in the middle of July. Prices of building materials remained unchanged during July, but declined nearly two per cent in the first week of August. Prices of metals declined from 110.9 on July 1 to 109.2 on July 22 and were 109.4 on August 5. A continuation of advancing agricultural prices might serve to stabilize non-agricultural prices.

BUSINESS CONDITIONS

The month of July witnessed further recessions in business activity and in the buying power of consumers. The automobile, iron and steel industries were the chief contributors to this further recession. Some increase in operations in the automobile industry is now under way, but not in the iron and steel plants.

Building activity (in terms of contracts awarded) is still depressed. The freight movement of goods continues to reflect the curtailed factory output and curtailed purchases by wholesale and retail dealers. The ditribution of goods by retailers has shown a marked falling off in recent weeks from the amount of business done a year ago.

The low level of business reached in July was again accompanied by a further reduction in interest rates to unusually low levels, in spite of some reduction in the monetary gold supply through exports. Industrial stock prices advanced during most of July, but declined again during the first part of August and on the average are about as low as they were last November and December.

The prospects for an improvement in the business situation have become partly beclouded by the effect of the drouth on this year's farm production. The business depression here and abroad together with a lower general price level has reduced the farmers income below that of the first seven months of last year. This fact is an unfavorable element in the prospects for those industries who are dependent on the farmer's money income. Now the prospect of curtailed farm production in some States has become an unfavorable factor for those industries which depend on the marketing, handling and processing of farm products, as well as for those industries which depend upon farmers for a market for their products. The extent to which reduced farm marketings together with the reduced income may retard a recovery in business activity is not measurable.

On the other hand, it may be noted that business sentiment appears at times to be influenced by the course of prices, rising prices tending to restore confidence. Should reduced crop prospects result in a marked and sustained rise in agricultural prices, the latter might serve to check further recession in non-agricultural prices and in industrial activity and possibly hasten the eventual recovery in business. Such a sequence of events appears to have taken place in 1921, 1924 and 1927. In 1921 and 1924 business activity began to recover within a month or two after

agricultural prices started to advance, but in 1927 about six months elapsed before business began to recover.

WHEAT

The world supply of wheat for the 1930-31 marketing season now seems likely to be only a little, if any larger than the supply available for the past season. Better crops in the Southern Hemisphere, North America and India are likely to offset reductions in Europe. Any increase in the world crop will be largely, if not entirely, offset by the reduction in stocks of old wheat on hand July 1, 1930 in comparison with July 1, 1929. The demand for wheat will be increased by shorter feed grain crops in the United States and in Europe. Any material improvement in foreign market prices, during the next few months will depend in part, however, upon a general revival from the world-wide business depression and improvement in the general commodity price level.

The farm price of wheat reported as of July 15 averaged 70.6 cents per bushel compared with 87.9 cents reported in June. Prices continued to decline into the first week of August. All classes and grades of wheat at six markets averaged 81 cents per bushel for the week ended August 2. Prices reached a low point August 2 and turned sharply upward, but a slump followed the marked rise, and farm prices in August may average about the same as in July.

Conditions for moving the wheat crop of the United States are more favorabl than a year ago. The storage capacity of terminal elevators has been increased. A large part of the southwestern wheat crop has been moved without congesting terminal markets. Exports of wheat from July 1 to August 9 amounted to nearly 15 million bushels of grain as compared with less than 12 million in the corresponding period of a year ago. Wheat has moved more readily from Kansas City and other interior points to the sea-board. A wide spread between prices in the markets of the United States and Liverpool has encouraged the movement of wheat for export.

The carryover of wheat in the United States is now estimated to be about 275 million bushels as compared with 247 millions a year ago, an increase of about 28 million bushels. August 1 conditions indicated a crop of about 15 million bushels larger than a year ago, which would make the total supply of the United States 43 million bushels greater than for the past season. To reduce the carryover at the end of the season to a normal carryover of about 125 million bushels, it would be necessary to export and feed about 366 million bushels of wheat. If the feeding demand of the past five years were maintained, all of this wheat and more would be required to make up the deficit in the corn crop. Exports are likely to continue at a good rate as long as wheat prices in the markets of the United States remain at a low level in relation to foreign market prices. Consequently the carryover of wheat in the United States at the end of the season is likely to be materially reduced from the high levels of the past two seasons.

Apparently all classes of wheat, with the possible exception of hard red spring, will be on an export basis for a part of the year at least. The hard red winter crop is now estimated to be 357 million bushels, 13 million bushels larger than the previous crop and this increase together with a larger carryover will

provide a considerable surplus for export and feeding. The soft red winter crop has also turned out to be a little larger by about 7 million bushels. The carryover of this class was also increased. Heavy feeding, however, would soon eliminate the surplus of this class of wheat over the usual domestic food requirements. The white wheat crop also appears to be a little larger than a year ago, and stocks of wheat in States growing this class are also large. The spring wheat crop on the other hand has been reduced below that of the past season. Both the hard red spring and durum crops appear to be the smallest since 1926. Stocks of these wheats however, continue to be large. The hard red spring wheat will continue to have strong competition from the high protein winter wheat. A larger Canadian crop will also be an important factor in the market for hard red spring. However, the tariff is likely to be partially effective on this class of wheat for a part of the year at least. The prospect for marketing durum is much better than a year ago. The carryover of durum in the United States is probably about the same as a year ago. The Canadian production probably will be larger, but a considerable reduction in the North African and Italian crops will result in a greater European demand for North American durum wheat. The effect of the situation is already beginning to appear in an improvement of durum wheat prices in relation to hard red spring prices in Minneapolis.

The 1930 wheat crop of the United States appears to be of high quality. High test weight and high protein content have given this crop of hard winter wheat high-flour-producing value. The abundance of high protein wheat probably will result in premiums for high protein remaining at a moderate level.

The official estimates and forecasts of wheat crops in 20 countries, including the United States, received to date total 2,261,000,000 as compared with 2,178,000,000 in 1929. The Canadian crop is likely to be about 65 to 75 million bushels larger than that of a year ago, but this increase is likely to be more than offset by a reduction in the French crop. Recent reports have indicated deterioration in the crops of other European countries. It seems likely that outside of Russia the total European crop will be about 75 to 100 million bushels less than that of a year ago. Russia probably has a little more wheat than in the past season. Australia has seeded a larger acreage, and both Argentina and Australia are likely to produce larger crops than in the past season. Any increase in world production may be largely, if not entirely, offset by the reduction in world stocks.

Undoubtedly while wheat prices remain at or near the present levels many European countries will continue to feed some wheat, and with higher prices for substitutes, will consume more of it for bread. Both France and Germany have already changed their milling requirements so as to permit more foreign wheat to be used for bread. China is harvesting a better wheat crop. The stock of flour at Tientsin has been reduced to a moderate level from a large supply at the beginning of the past season. The effect of a larger wheat crop in China will be to postpone takings from other countries, but in the absence of a larger stock of flour on hand at the ports, it is possible that the Orient will take as much wheat and flour as in the past season.

POTATOES

The farm price of potatoes at 129 cents per bushel was 20 cents lower on July 15 than on June 15, but still considerably higher than on July 15 last year. Price declines were general and appear to have been induced by unusually heavy shipments during the first half of July. At New York prices in July at $1.71 per 100 pounds averaged about $1.10 lower than in June and prices at Chicago at $1.82 per 100 pounds were about $1.20 lower. In response to a sharp curtailment of shipments during the last part of July, prices advanced somewhat at Chicago in the first week of August, but remained practically unchanged at New York.

Crop conditions on August 1 pointed to a total crop of 373 million bushels compared with 360 last year. Since August 1 a further reduction of about 8 million bushels has taken place. The increase over last year's supply is expected to be in the chief surplus States including New York, Michigan, Wisconsin and Idaho, except in Maine where a reduction is indicated. The chief reductions are expected in the so-called deficit areas. The indicated total supply as well as its distribution is almost identical with that of 1921. In the 35 late States this year's crop is estimated at 336 million bushels compared with 338 in that year. In the 19 "surplus" States this year's crop is estimated at 261 million compared with 263 million in that year and the crop in the 16 deficit States at 75 million bushels is the same as that of 1921. In the 1921 season, prices declined after August to the end of the year. In October of 1921 prices at Boston, New York and Chicago averaged between $1.85 and $2.10 per 100 pounds. At the present time prices at these markets are at a lower level than prevailed in October of 1921. In view of the fact that the pres-nt level of business activity and the general level of food prices are not now as low as they were in the fall months of 1921, some advance in potato prices by October may be expected.

APPLES

According to crop conditions as of August 1 the total supply of apples at 146 million bushels will be 4 million bushels larger than in 1929. The slight net increase represents decreases in the North Central and South Atlantic States more than offset by increased production in the North Atlantic and in the Far Western States.

For the country as a whole, this apple crop is likely to bring a smaller income than last year's, because of the lower level of food prices in general and because of the reduced purchasing power of consumers in this country and abroad.

The larger supply of western boxed apples will probably be offset by reduced competition in the North Central and South Atlantic consuming centers. Were it not for the lower level of business activity the effect of which is uncertain, western boxed apples might be expected to average about as much in the New York Auction Market as they did in the past season, namely about $2.70 per box.

In the South Atlantic States, particularly Virginia and West Virginia where prices appear to depend very largely on the national and local supply, past experience suggests that the effect of the considerably reduced production in the area, given normal business conditions, would sustain prices above last year's level. But since business is subnormal, the full influence of reduced local supplies may not materialize. The shortage is likely to be reflected more toward the end of the 1930-31 season than in the next few months.

FLUE-CURED TOBACCO

During the first week of the marketing season in Georgia prices averaged 10.58 cents per pound compared with about 19 cents last season. The quality of the crop is below that of 1929, but for the same grades prices were about 25 per cent below those of last season. Prices improved slightly during the second week, but were still about 20 per cent below those for the same grades last season. During the first week of the marketing season in South Carolina prices were about in line with those prevailing during the second week in Georgia.

The total acreage of flue-cured types is 3.5 per cent larger than in 1929. The production indicated on August 1 is 758.7 million pounds, compared with a crop of 750.7 million pounds in 1929. Yields per acre materially below those of last year are indicated in Virginia and slightly below last year in Georgia, while yields slightly higher than last year are indicated in South Carolina. In the remainder of the belt the yieldsindicated by August 1 crop conditions are not greatly different from those of last year.

The stocks of old leaf in the hands of dealers and manufacturers on July 1, 1930 were 599.3 million pounds compared with 590 million pounds a year earlier. The total supply this season based on August 1 crop conditions and stocks on July 1 is 1358.0 million pounds compared with 1340.7 in 1929 and 1305.8 in 1928.

Since 1916 the consumption of flue-cured tobacco has increased at an average rate of about 33 million pounds a year. Allowing for this increase in consumption the number of months supply this season is slightly less than that at the beginning of either of the two previous seasons. In 1928 the average seasons price was 17.7 cents per pound and in 1929 it was 18.1 cents per pound.

During the past five years the increase in the quantity of flue-cured tobacco used in making cigarettes has more than offset the decrease in the quantity used in making chewing and smoking tobacco. The net increase in domestic consumption during this period has averaged almost 5 per cent per year. During the year ended June 30, 1930 the increase was about 3 per cent. Cigarette tax sales maintained about the usual rate of growth from July to December 1929, were about the same as the previous year during the first five months of 1930, and in June 1930 were 8 per cent larger than the previous year. The total cigarette tax sales for the 12-month period were 5.2 per cent

larger than the previous year compared with an increase of 13.3 per cent for the year ended June 30, 1929 and an increase of 8.2 per cent for the 1927-28 season. It may be that unfavorable business conditions affected consumption during the early part of 1930 or it may turn out that cigarette consumption is increasing slightly less rapidly. In either case present indications are that the domestic consumption of this type of tobacco during the current year will exceed that of the year just closed.

Exports of flue-cured tobacco during the year ended June 30, 1930 were 429.9 million pounds compared with 414.4 million pounds in 1929 and 328.9 million pounds the previous year. The United Kingdom and China are the principal importing countries.

There has been some uncertainty as to the effect of low exchange rate and recent unsettled conditions in China. However exports during the past few months have exceeded those of the corresponding period of the previous year and recent reports indicate that the cigarette trade in China is active. The Chinese trade appears to be seeking large quantities of low grade leaf. The total exports to China during the year just ended were 127.1 million pounds compared with the exceptionally large total of 131.3 million pounds the previous year.

Exports to the United Kingdom during the year ended June 30, 1930 were 186.6 million pounds compared with 171.4 million pounds the previous year. Stocks in the three ports of entry (London, Liverpool and Glasgow) are slightly larger than a year ago. However the exports of flue-cured tobacco to the United Kingdom has increased rapidly in recent years and under these conditions a small increase in stocks at the ports of entry does not necessarily mean unfavorable market conditions. Colonial grown flue-cured tobacco does not appear to be making much headway in displacing American grown types and exports to the United Kingdom this season are expected to compare favorably with those of the past two seasons.

In view of the fact that the present indicated supply is slightly smaller when measured by the disappearance of the previous year than the supply of the past two seasons, and the further fact that prices at present are about 20 per cent under those of last season, grade considered, some improvement in prices appears probable as the season advances unless the crop turns out to be materially larger than is indicated on August 1. In 1921 the marketing season opened when the business recession was at its lowest point and the price improved materially as the season advanced. The season's average in Georgia in 1921 was about 12 cents per pound, and the season's average in Virginia was about 23 cents per pound. The improvement in prices is not expected to be so marked this season unless the crop turns out to be materially less than is now indicated. Should the prices of the first two weeks of the marketing season prevail through the season and farmers react to prices and other factors in planting as in other recent years the acreage in 1931 would be materially reduced.

CORN

There was a very sharp rise in corn prices during the latter part of July and early in August. In the principal markets cash prices rose about 20 cents per bushel in the course of four weeks. The extreme increase was due principally to the rapid deterioration of the crop caused by the widespread drought. The very small market supplies of old corn also contributed to the rise of cash corn prices, especially during early and mid July. At the principal markets corn prices are now higher than wheat prices and wheat can be fed more profitably than corn. Under such circumstances the maintenance of further improvement in corn prices is likely to be contingent upon the improvement in wheat prices.

The United States average farm price of corn as of July 15 was 77.1 cents per bushel compared with 79.0 cents a month before and 91.2 cents per bushel for July 1929. For July as a whole, however, prices averaged higher than in June, No. 3 yellow at Chicago averaging 82.0 cents per bushel compared with 79.1 cents the previous month. During the latter half of June corn prices had dropped to almost the lowest levels of the season and for the first week of July No. 3 yellow at Chicago averaged 76.3 cents per bushel. Each of the four following weeks showed an improvement and for the week ended August 1 the average was 87.5 cents per bushel while for the week ended August 8 an average of 97.5 cents was reached.

The condition of the corn crop as of August 1 indicated a total production of 2,212 million bushels and it is estimated that a further deterioration of around 100 million bushels took place during the first 10 days of August. The crop of 2,212 million bushels indicated by August 1 conditions, however, would be the smallest since 1901 when the total production amounted to only 1,614 million bushels and would be 4 per cent smaller than the crop of 2,309 million bushels harvested in 1924. Compared with the average of the crops harvested in the five years 1924-1928, the production indicated by August 1 conditions is about 18 per cent smaller.

The production of other feed grains and of hay is also less than average. The average production of corn, oats, barley and grain sorghums in the five years 1924 to 1928 amounted to 108 million tons compared with 90 million tons indicated by August conditions this year taking into account the further deterioration of the corn crop during the first 10 days of August. The 5-year average production of hay was 108 million tons compared with an indicated production of 95 million tons this year. Total supplies of feed grains for this year promise to be about 93 million tons compared with 107 million last year and an average of 112 million tons for the five years 1924 to 1928.

Commercial stocks of corn continue at an extremely low level and on August 9 amounted to only 3.2 million bushels compared with 8.7 million a year ago and with 13.8 million and 29.7 million bushels on the corresponding date of 1928 and 1929. Though commercial stocks are now at their lowest level for the season they have decreased by only a little more than a half million bushels during the past three weeks. Higher prices tended both to

increase receipts from county points and to check shipments from the primary markets. Total receipts at 14 primary markets for the month of July amounted to 16.5 million bushels compared with 21.1 million bushels last year and a five-year average (1925-1929) of 16.7 million bushels. Shipments were 11.8 million bushels compared with 15.9 million in July 1929 and a five-year average of 13.1 million bushels.

During the next two months or more the market is likely to continue erratic due to the very small market supplies of old corn and uncertainty as to the new crop. The trend of prices will depend considerably upon changes in crop prospects, for while much of the crop has been so severely damaged that no recovery is possible, a large proportion of the corn belt will have its yield affected by weather conditions during the next few weeks. The condition of the crop at the present together with the small supplies of old corn indicates a continued tight market situation for several weeks. Even in years of short crops there is usually some easing of the market during the fall as new crop corn begins to come on the market. Any considerable advance in cash corn prices from present levels in order to be maintained through the fall and winter would have to be accompanied by rising wheat prices as when wheat is cheaper than corn it can advantageously be substituted for corn as a feed for livestock.

HOGS

Hog prices averaged lower in July than in June and a new low weekly average for the year was established. Hot weather was probably a contributing factor to the weakened demand conditions, but neither it nor the drought appear to have caused any general liquidation of breeding hogs as yet. Exports of pork products fell off materially in June, but storage stocks are still materially smaller than those of last year at this time. Indications point to smaller hog marketings during the next two months than those in the corresponding months of last year, but the smaller feed supplies may result in heavier marketings in the late fall and early winter.

The average cost of packer and shipper droves at Chicago in July was $8.73. This was the lowest monthly average since December 1928 and was 22.1 per cent below that in July 1929 and 8.3 per cent below the monthly average of $9.52 in June this year. Following the sharp price drop in June which carried the weekly average at Chicago from the $10 level down to $8.73 during the last week of that month prices made a slight recovery during the first two weeks of July. In the second half of July prices again weakened and the weekly average dropped to a new season's low of $8.59 during the week ended July 26. Recently there has been some advance in prices, but the average of $8.99 for the week ended August 9 was $1.69 below the average for the corresponding week last August.

Following the sharp drop in June wholesale prices of fresh pork cuts at New York advanced during the first half of July, but declined during the second half. Prices for some cuts reached new low levels for the season while prices for other cuts did not drop so low as they did near the end of June. Prices of light loins (8-10 lbs.) during the week ended August 3

averaged 22 per cent below the prices paid for such loins in the corresponding week in 1929 while prices for heavy loins averaged 36 per cent lower.

Bacon prices have made their usual summer rise, but ham prices have changed but little since early April. July prices of ham and bacon averaged about 10 per cent below those of July 1929. Prices of refined lard at New York remained unchanged during July at $11.62 per hundred pounds, which was 20 per cent lower than the average price for last July.

The July federally inspected hog slaughter of 3,187,000 head was 13.6 per cent smaller than that of June and 11.4 smaller than that of July 1929. Slaughter during the first ten months of the hog crop year which began with last October, showed a reduction of 2,678,000 head, or 6.3 per cent, compared with the slaughter for the corresponding period last year. Except for a very slight increase in May slaughter supplies of hogs during this crop year have been smaller than those of the previous crop year for every month since November. Unless unforeseen forced marketings take place because of the drought, supplies during the next three months are also expected to be smaller than those in the corresponding months in 1929.

Storage supplies of hog products in July were not reduced so much as the reduction in production, but they continue relatively small. Stocks of pork amounting to 652 million pounds on August 1 were only 4 per cent smaller than those on July 1, but they were 20 per cent smaller than those on August 1, 1929 and 14 per cent smaller than the five year August 1 average. Lard stocks of 118.9 million pounds were 41.4 per cent smaller than those on August 1, 1929 and 33 per cent smaller than the five year average on that date. Exports of hog products fell off materially in June. Fresh and cured pork exports amounting to almost 25 million pounds were 25 per cent smaller than those in June 1929 and 18 per cent smaller than the three year June average. Lard exports of around 58,000,000 pounds were 15.5 per cent under those of last June and were about 10 per cent smaller than the five year average for the month. Foreign demand for pork products continued relatively unfavorable through July.

The June pig survey indicated that the pig crop would be about equal to the fall crop of 1929. However, the advance in corn prices and the decline in hog prices during July resulted in a decline in the corn-hog ratio in the North Central States from 12.9 on June 15 to 12.0 on July 15 and more recent price changes have caused a further decline in the ratio. The unfavorable feed situation may tend to reduce the size of the fall pig crop and the shortage of feed in some areas may also result in the shipment to market of a considerable number of sows that would otherwise be kept for farrowing, but there is no evidence that such movement has started as yet.

CATTLE

The sharp decline in cattle prices continued during July. All kinds and grades shared the decline with most of them at the end of the month going below the lowest point reached during 1926. The price of slaughter steers at Chicago averaged $9.42, as against $10.59 in June, $14.59 in July 1929,

and $9.44 in July 1926. Stocker and feeder cattle prices at Chicago declined from $8.53 in June to $6.41 in July, and at Kansas City from $7.78 to $6.27. Prices of butcher cows during the last two weeks of the month were the lowest they have been since 1925.

Average cattle prices were steady during the first week in August, a slight advance for the lower grades being offset by a moderate decline for the upper grades. Choice and prime steers averaged $10.10, common steers $6.66 and all grades $9.02.

The price decline reflected both a weaker demand and slightly larger supplies. Receipts at 7 markets were 2 per cent larger than in June but 11.5 per cent smaller than those of July 1929. Stocker and feeder shipments from 12 markets to 7 States were 37 per cent smaller than those of a year earlier. Inspected slaughter in July was 8.5 per cent larger than in June, and less than 1 per cent larger than that of July 1929. For the first seven months of the year, inspected slaughter was 1 per cent smaller than during the same period a year earlier. Supplies of common and medium beef steers at Chicago were more than twice as large as those of a year ago, but good to choice steers were 19 per cent smaller. Calf slaughter in July was 3.5 per cent larger than that of a year earlier.

Weather conditions will have a material influence on cattle marketings and prices during the next thirty days. Drought and excessive heat has seriously damaged ranges and pastures in most of the cattle producing areas east of the Rocky Mountains. Although there has been little unusual liquidation as yet because of the drought, forced marketings will doubtless be necessary in many regions if adequate rains do not fall in the near future. The number of cattle on feed in the eleven Corn Belt States August 1 this year was estimated to be about one per cent smaller than at the same date in 1929.

Reports from cattle feeders on August 1 indicated that there would be a sharp decrease in the movement of stocker and feeder cattle into the Corn Belt States during the last five months of the year as compared with the corresponding period of 1929 and 1928. In previous years of short corn crops notably 1901 and 1924 relatively few cattle were purchased to be fed for the following spring and summer markets. In consequence receipts of fed cattle were light in those seasons in 1902 and 1925 and prices advanced sharply.

BUTTER

Butter prices improved more than seasonally in July as drought and hot weather cut production. Although consumer demand has shown no signs of improvement, it is evident that reduced production has strengthened price prospects.

Butter prices rose steadily during July, the price of 92 score butter at New York being 33 cents on July 1 and 37 cents on July 31 and averaged 35.3

cents, or 2.4 cents above the June figure. A year ago the price averaged 42.4 cents. The farm price of butterfat on July 15 was 31.6 cents, the same as on June 15, but about 12 cents below a year ago.

Despite the fact that the July price of 92 score butter at New York averaged 17 per cent below last year and the July 15 farm prices was $27\frac{1}{2}$ per cent below last year, tho consumption of butter in July was about 2 to $2\frac{1}{2}$ per cent lower than in July 1929.

The recent strengthening in butter prices came from a falling off in production. At the beginning of June production of milk per cow was higher than on the corresponding date of any recent year. Low prices discouraged feeding and with unfavorable pasture conditions production per cow by July 1 fell below that in either of the preceding 3 years and continued so into August. Total butter production for the month of June was 5.35 per cent below that of June 1929. Receipts of butter at the four principal markets were 70,022,000 pounds in July, 12 per cent below those of June and 9 per cent below those of July 1929.

Because of the low butter production, storage holdings failed to increase as much in July this year as last. On July 1 storage holdings were 14,765,000 pounds above last year, but on August 1 they were 145,297,000 pounds compared with 151,621,000 on August 1, 1929 and a 5-year August 1, average of 131,486,000 pounds. Although storage holdings are above average, they are not high enough to offset the prospective decreases in production.

The condition of pastures declined from 74.6 per cent on July 1 to 56.4 per cent on August 1 compared with 79.7 per cent last year and a 10-year August 1 average of 81.1 per cent. In Ohio, Indiana, and Illinois pasture conditions averaged 35 per cent as compared with 87 per cent a year ago and a 10-year average of 78.6 per cent. Iowa, Kansas, Missouri and Nebraska averaged 60 per cent on August 1 compared with 87 per cent a year ago and a 10-year average of 81.9 per cent for these States. Pasture conditions in Minnesota and Wisconsin were 66 per cent on August 1, 77 per cent a year ago, and the 10-year average is 78.6 per cent, also the indicated production of corn is the lowest since 1901. Hay production in 8 northern dairy States is estimated at 35.9 million tons compared with 42.6 million last year and a 5-year average of 38.4 millions.

EGGS

Egg prices averaged slightly higher in July than in June, fresh extras at New York being 25.5 cents as compared with 25.3 cents. The price for July 1929 was 33.7 cents. Prices of the better grades of fresh eggs declined below June levels early in the month, but rose sharply toward the end as excessive heat made a shortage of best quality eggs. Poorer grades of eggs averaged lower than in June.

Receipts of eggs at the four primary markets during July were lighter than a year ago, but heavier than for other recent years, being 1,308,000 cases as compared with 1,342,000 cases in July 1929 and a 5-year average of 1,265,000 cases. During the first half of the month receipts were above those

of the same period last year. Recent hot weather, however, has cut both the quality and quantity of production. With high feed prices this fall production may continue light.

Storage holdings of eggs on August 1 were 11.2 million cases as compared with 8,962,000 cases a year ago and a 5-year average of 10,015,000 cases. These record holdings resulted from the high receipts of last spring and the low level of consumption to date. The into-storage movement however, is now past. During the fall and winter storage stocks constitute the principal source of supply. Unless consumption improves this fall, supplies during the remainder of the year are likely to prevent more than the usual seasonal rise in price.

POULTRY

The price of poultry continued to decline during July, the farm price on July 15 being 17.4 cents, 1.6 cents below the June 15 price and 6.3 below the price a year ago. The average decline from June to July over the last five years has been less than .3 cents. Prices usually continue downward until the end of the year. December prices have averaged about 2.6 cents below those of June during the last five years.

Receipts of dressed poultry at the four primary markets during July were 19.3 million pounds as compared with 23.3 million pounds in June, 21.9 million pounds a year ago and a 5-year average of 20.0 million pounds for July. Low egg prices during May and June tended to cause early marketings of fowls and thus make receipts during these months unusually high, and those of July rather low since only the young chickens remained to be sold.

Storage holdings of frozen poultry on August 1 were 46.9 million pounds as compared with 40.9 million pounds a year ago and a 5-year average of 42.6 million pounds, indicating the possibility of a slightly larger than average carryover when the new storage season begins in September. Demand for storage is not likely to be as good as last year when storage operators lost heavily.

Lower consumption in July than in June was a factor in the price decline. Disappearance from trade channels at the four markets was about 10 per cent less in July than in June while last year the July output was 13 per cent more than in June. Low prices of competitive meats have doubtless influenced the drop in consumption.

LAMBS

The downward trend in lamb prices which prevailed through the greater part of June continued through July and at the end of the month prices were at the lowest levels for July in any year since 1915. During the last week of July the average price of good and choice light and handy-weight lambs at Chicago was $8.78 per 100 pounds compared with $13.56 in the corresponding week of 1929. The average for the common grade was $5.82 compared with $10.30 a year earlier. Although prices of ewes improved slightly over the low levels established the first week in July they are still around 50 per cent lower than a year ago. Feeder lambs also are selling at about one half the prices which prevailed at this time last year, the best grades now averaging about $6.50

to $6.75 at Chicago. The greater spread between the prices of the lower and upper grades of live lambs compared with a year ago is reflected in the wholesale prices of dressed lambs. Choice carcasses in New York the first week in August this year wholesaled for $20.90, whereas the common grade sold for $11.40, thus making a spread of $9.50 between the prices of the two grades. A year ago the prices for the two grades was $26.80 and $20.80 respectively, and the spread was only $6.00.

The lamb crops in both the native and western sheep States were larger this year than last. The increase amounted to about 400,000 head, or 4 per cent, in the native sheep States and 1,600,000 head, or 9.5 per cent, in the western States. While the number of lambs saved per hundred ewes was considerable larger this year than last, it was but little different from the average of the preceding 5 years. The early lamb crop (lambs dropped before the middle of March and usually marketed by the middle of August) was about 9 per cent larger this year than last in the western States and 3.5 per cent larger in the native sheep States.

Slaughter supplies of sheep and lambs continued large in July and were the largest on record for that month. The inspected slaughter of 1,411,000 head was 12 per cent larger than in July 1929 and 11 per cent larger than the previous July record.

The demand for stocker and feeder sheep and lambs for the year to date has been materially below that for the corresponding period in 1929. Despite increased receipts of lambs at public stockyards and decreased prices for feeder lambs the shipments of feeder stock from these yards to the country have been the smallest in several years. This reduction is probably due largely to the shortage of feed supplies and to the heavy losses from feeding operations last winter.

WOOL

Domestic wool prices were generally firm with some advances from early July into the first part of August. Trading in raw wool on the Boston market was slow during the greater part of July, but in the week ended August 2 the market became more active. Interest was most pronounced on 64s and finer wools. In view of the subsequent strengthening, the decline of 5 to 10 per cent in prices at the opening of the London Wool Sales in July was not sufficient to cause any adverse effect in the domestic market.

The Boston price for strictly combing Ohio and similar grease wools advanced from 30½ cents per pound to 31 cents per pound for 64s, 70s, 80s (fine) during July while other grades remained firm, but unchanged, 56s (3/8 blood) being 29½ cents per pound. Fine, strictly combing fleece wools advanced from 74½ cents per pound to 76 cents per pound the third week of July. Demand for fine western grown wools was broader and prices showed a strengthening tendency. Quotations on fine strictly combing territory wools remained at 76 cents per pound through July while 56s advanced from 61½ to 62 cents per pound and 48s, 50s from 56½ cents per pound to 58 cents per pound between July 5 and August 9.

Foreign raw wool markets are generally quiet and are expected to remain so until the September series of wool sales opens at London at which time the new season's sales will also be opening in the Southern Hemisphere. Prices for tops at Bradford remain firm but are said to be below replacement costs and turnover is limited, reflecting the low activity in the British wool textile industry. On the Continent trade in wool textiles showed some improvement the second half of July but continues to reflect the industrial depression.

Domestic wool consumption in June showed some improvement over May. The consumption of combing and clothing wool in June 1930 was 23,547,000 pounds, compared with 26,939,000 pounds in June 1929. Total consumption of combing and clothing wools for the first six months of 1930 was 31,461,000 pounds (or 18 per cent) below consumption for the first six months of 1929.

Receipts of domestic wool at Boston for the month of July were 70,693,000 pounds, the highest monthly total ever reported. Receipts in July 1929 were 56,870,000 pounds and in July 1928 were 51,346,000 pounds. Total receipts from April 1 to July 31 were well above those of earlier years and amounted to 153 million pounds or close to 50 per cent of estimated 1930 clip. Ordinarily this would indicate a rapid disposal of the present clip on the part of producers, but this year it is likely that a large part of the receipts are held by producer's organizations. Imports of combing and clothing wool remained low in June, totaling 4,274,000 pounds compared with 7,219,000 pounds in May and 5,118,000 pounds in June of last year. Imports of combing and clothing wool for the first six months of the present year have been 32 per cent below imports for the first six months of 1929 and stocks of foreign wools in the United States are probably small.

The preliminary estimate of the wool shorn in the United States in 1930 is 327,989,000 pounds or 6 per cent greater than the revised estimate of 308,947,000 pounds for 1929. Present indications point to a wool clip for the world (exclusive of Russia and China) in 1930 not greatly different from that of 3.2 billion pounds for last year, although a small reduction is expected in the clip of Australia.

The carryover of wool in five principal Southern Hemisphere countries will probably be above that of the last four seasons although below the amount carried over from the 1924-25 season. Stocks in those countries on July 1, 1930 were roughly 350 million pounds which is an increase of about 15 per cent above those of last year. Stocks of foreign and colonial wool in the United Kingdom on July 1 were estimated to be about 55 million pounds greater than those of July 1, 1929.

COTTON

Cotton prices continued their downward trend through July and into August when they reached a level below the low point for the 1926-27 season. Depressed demand conditions which reduced domestic consumption and exports caused prices to decline generally throughout the 1929-30 season and resulted in the largest domestic carryover of American cotton since 1921. The increase of 2.2 million bales in the domestic carryover above that of last season is only partly offset by the decrease of 593 thousand bales in the carryover of American cotton outside the United States and the decrease in the forecast production of 466 thousand bales under the crop of last year. In July domestic demand remained low, and latest reports indicate that business conditions and cotton textile activity abroad were on the whole even lower than in June.

The price of Middling 7/8 inch cotton in the ten markets declined from 12.21 cents per pound on July 12 to 11.85 cents per pound on August 12. On July 19, however, the price in the ten markets was up to 12.73 cents but by August 14 it was 11.14 cents which was 0.26 cents below the low point for the 1926-27 season made on December 3, 1926. The average of the ten markets for July was 12.21 cents or one cent below the June average and 6.08 cents below the July average last year. The average farm price on July 15 was 11.9 cents, 2.1 cents below June 15, and 5.9 cents below July 15 last year. The high and low prices for the 1929-30 season came in the first and last days of the season respectively. The average price of middling, 7/8 at the 10 spot markets for the season was 15.79 cents compared with 18.67 cents for the 1928-29 season, 19.72 cents in 1927-28 and 14.40 cents in 1926-27.

The carryover of American cotton in the United States on August 1 is reported by the Bureau of the Census to have been 4,322,000 bales compared with 2,130,000 last year, 2,426,000 in 1928 and 3,663,000 in 1927. The domestic carryover this year is the largest since that of 6,621,000 bales in 1921. The carryover in running bales together with the forecast of production in 500 pound bales indicates the supply in the United States for the 1930-31 season to be 18,684,000 bales, compared with 16,958,000 bales last year, and 21,391,000 bales in 1926-27. The New Orleans Cotton Exchange estimates the world carryover of American lint cotton at 5,939,000 bales compared with 4,395,000 last year and the preliminary estimate of the New York Cotton Exchange places the carryover at 6,150,000 bales compared with 4,474,000 last year, 5,121,000 in 1928 and 7,794,000 in 1927. The carryover outside the United States is 593,000 bales below last year. Adding the estimates of the carryover of American cotton abroad as given by the New York Cotton Exchange to the domestic supply gives a total of 20.4 million bales this year, 19.3 million in the 1929-30 season, 19.6 million in the 1928-29 season, 20.7 million in the 1927-28 season and 23.5 million in the 1926-27 season.

The Crop Reporting Board forecasts production at 14,362,000 bales of 500 pounds, gross weight. Last year's production totaled 14,828,000 bales. The yield is forecast at 155.3 pounds per acre compared with 155.0 pounds last year. There was a decrease of 2.7 per cent in acreage, in

cultivation July 1. The weather during July and early August was on the whole unfavorable with the rainfall below normal and the temperature above normal.

The domestic consumption of raw cotton during July amounted to 379,000 bales, 26,000 bales less than during June and 168,000 bales below July last year. The total consumption for the season 1929-30 was 6,114,000 bales compared with 7,091,000 during the 1928-29 season and 6,834,000 bales during the season 1927-28. The weekly average production of cotton cloth during July as reported by the Association of Cotton Textile Merchants of New York declined to 41,462,000 yards from the June average of 49,635,000 yards and is the lowest production recorded since October 1927 when these records began. Sales, however, increased to 45,037,000 yards which compares with 32,487,000 yards during June and 36,895,000 yards during May. Unfilled orders at the end of July were 1.6 per cent above June and stocks on hand were 2.3 per cent lower.

Exports of raw cotton during July amounted to 176,000 bales, 9,000 bales below June and 61,000 bales below July last year. The exports for the season amounted to 6,691,000 bales compared with 8,044,000 bales for the season 1928-29 and 7,540,000 bales during the 1927-28 season. There was some recovery in exports of cotton textiles from Great Britain in July, but activity in the cotton textile industries of central Europe has shown little if any improvement. Sales of cotton goods in France are not quite so high as in past months, but activity remains high. Conditions are less satisfactory in Italy. The Japanese cotton textile industry is feeling the ill effects of a domestic depression, the Indian tariff, and Chinese civil strife.

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
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THE PRICE SITUATION, SEPTEMBER 1930

FARM PRICES

Following the very sharp break in the level of farm prices from June 15 to July 15 there was a further decline of 3 per cent to 108 on August 15 compared with 111 on July 15, 123 on June 15 and 143 a year ago. The August index was 2 per cent below the lowest level reached in 1921. While the drop between June 15 and July 15 was general for practically all farm products included in the index there were some advances between July 15 and August 15 but not sufficient to offset the downward trend in other commodities. All grain and hay prices averaged higher on August 15 than on July 15, reflecting the drought conditions. Hog prices advanced on a lighter volume of marketings and prices of eggs, butter and wool also advanced from their very low levels in July. But considerable declines took place in apples and potatoes, which because of light crops in 1929 had not declined to the same extent as other commodities earlier this year, and beef cattle and sheep and lambs declined to new low levels. The farm price of cotton was also lower by half cent a pound on August 15.

From August 15 to September 10 price advances at primary markets have outweighed declines, although cotton and wheat failed to maintain their gains into the first part of September. The gains have been most noticeable in hogs, cattle, potatoes, and butter.

THE GENERAL COMMODITY PRICE LEVEL

Average wholesale prices for the month of August were lower than in July but during the course of the month the commodity price level advanced from the very low point reached at the end of July. The rise was due almost entirely to higher prices of farm and food products.

On September 2, according to the Annalist index, (1913=100) farm-product prices averaged 118 compared with 109 on July 29, and 147 on September 3 of last year and food prices at 131 were 6 points higher than on July 29, but were 23 points below a year ago. Fuel prices also were one point higher while the other five commodity groups showed further declines during August. Prices of metal, chemicals and miscellaneous commodities declined only slightly while textile product prices fell 3 points to 112 compared with 147 a year ago and building materials declined 9 points to 134 compared with 154 a year ago. As a result of these diverse movements the average of all commodities on September 2 was 125 compared with 121 on July 29 and 148 a year ago.

Moderately lower nonagricultural prices and a rising tendency in agricultural prices has also characterized some of the commodity markets abroad particularly in England. Should agricultural markets maintain their recent gains they may be expected to exercise a wholesome influence on other commodities and check further recessions in the general commodity price level.

BUSINESS CONDITIONS

The general level of business activity in August showed no noticeable change from the low level reached in July. Increased activity in certain lines appear to have been only of a seasonal character, but in the steel industry production increased somewhat more than usual, while the production of pig iron declined. Electric power production showed only a seasonal increase in August compared with July, and building contracts awarded, which declined sharply in the last week of August and the first week of September showed somewhat more than the usual seasonal decline. Textile activity remains very low and automobile production, in spite of resumption of operations after the July shutdowns, was lower in August than in July.

The latest definite figures on industrial production and payrolls, as of July may therefore be taken as indication of the current state of business activity. In that month the Federal Reserve Board index of industrial production at 94 was 24 per cent below the July level of last year and 28 per cent below the peak of last June. The index of factory payrolls, at 82 was 22 per cent below that of last July. A similar if not greater reduction appears in the money incomes of farmers in August compared with a year ago, as indicated by the fact that prices received by them in August were 24 per cent lower than in the same month of last year with no compensating increase in the volume of marketings. Distribution of goods as indicated by freight movement was lower in August than in July. Department store sales were also lower being 11 per cent below those of August 1929, compared with a 10 per cent decline in July.

The present business recession has been in progress since last June, a period of about 14 months. Taking the three preceding recessions, the mild one in 1926-27 lasted 14 months, the moderate one of 1923-24 lasted 15 months, while the one of 1920-21 lasted 18 months. 1/ The factors in the present depression which have generally been expected to give rise to improvement in the last half of 1930, particularly interest rates, have not yet shown their effectiveness. Building activity where the low interest rates should theoretically have been most potent has not yet shown signs of stimulation.

Interest rates at New York remained at low levels during August; banks expanded their investments but did not increase their loans on securities or for commercial purposes. Gold exports exceeded imports but the reduction in the credit supply was partly offset by increased purchases of Government securities by Federal Reserve Banks. Stock exchange activity was at a very low level during August. Following a decline in the first half of August to a level somewhat above that of the first half of July, industrial stock prices advanced during the last half of August and the first half of September.

It was suggested in the review of business conditions last month that the agricultural situation had become an additional complicating factor in a national business situation, which in recent months has taken on the characteristics of the depression of 1920-21. It will be recalled that in 1921 the low level of business activity was reached in the summer months, although

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1/ Based on the Federal Reserve Board Index of industrial production adjusted for trend.

factory payrolls continued to decline for a few months thereafter. In that year agricultural incomes were also greatly reduced because of the great decline in prices. But the volume of agricultural marketings was large, and the textile industry, stimulated by the low cotton prices of the preceding year's crop, was proceeding at a good rate of activity. In 1921 also, a large volume of farm products was exported. At the present time, however, the volume of exports is low in spite of low prices, and the volume of marketings is not now large and can not be expected to be large in view of the reduced crops. The textile industry, instead of operating on the high level of 1921, is as much depressed as business in general.

The decline in industrial activity up to the present has not been as great as that of 1921. In that depression the low point was 36 per cent below the high of 1920; in 1924 it was 25 per cent below the high of 1923, and at present it is probably more nearly 30 per cent below the high level of 1929. Should the business situation continue to follow the development of the 1920-21 depression, there would be no material change from the present level of consumer buying power in the next few months.

WHEAT

Wheat prices continue on a low level, with some prospect of improvement in the demand for wheat before the end of the season. At the present time prices are depressed by increases in estimates of production in the United States and Canada, heavy marketings in Canada, and shipments from Russia, in the face of a world-wide financial and business depression. Smaller feed grain crops in the United States and Europe, together with some reduction in stocks of old wheat, undoubtedly will increase the demand for wheat, but no material improvement in prices is to be expected until the business situation begins to improve and the general price level turns upward. A continuation of exports from the United States, together with heavy feeding of wheat, eventually will reduce the supplies of wheat to a point that will raise prices in the markets of the United States in relation to foreign market prices.

The farm price of wheat improved from an average of 70.6 to 74 cents per bushel between the middle of July and the middle of August. The farm prices for September may average slightly lower than in August. Market prices which improved early in August, declined from the middle of August into September. The average of all classes and grades at six markets increased from 81 cents in the week ended August 1 to 86 cents at the end of the second week in August, then declined to an average of 81 cents in the week ended September 5. Apparently feeding wheat in the drought area strengthened soft red winter wheat prices so that the average of No. 2 red winter at St. Louis increased from 87 to 94 cents per bushel during August. The decline in the first week of September left prices still above the beginning of August. Hard red winter wheat prices remained fairly stable increasing from 78 to 83 and then declining to 79 cents. The heavy marketings of new wheat in the spring wheat territory, on the other hand, carried the market price of spring wheats below levels of August. The prices of white wheat were likewise reduced to a lower level.

The relation of cash prices to futures has been improved over a year ago. The margins between cash and near futures and between near and distant futures have been reduced. The narrowing of these margins is probably due in part to the stronger domestic demand for feeding and to the movement of the crop without congestion at terminals.

The price margins between the markets of the United States and Liverpool are wider than a year ago, whereas the margin between Buenos Aires and Liverpool is narrower. One obvious reason for this change is the fact that Argentina has much smaller supplies to ship, whereas the supply in the United States is greater than a year ago. The margin between the Winnipeg market and Liverpool has also widened and even more than between Chicago and Liverpool. With a larger crop and a large carryover, Canada has a larger surplus to move. Canada is taking the place of Argentina as the heavy shipper in the face of low prices.

The price of wheat is low relative to the price of corn. It seldom happens that a bushel of corn can be sold for more than a bushel of wheat. Since wheat has about the same feeding value pound for pound as corn, a bushel of wheat obviously has more feeding value than a bushel of corn. It is estimated that when a bushel of corn is valued at $1.00, a bushel of wheat is worth $1.12 for feeding cattle and hogs. Notwithstanding this fact, the farm price of wheat is now below the price of corn generally throughout the United States. As long as the price of wheat continues to be as low relative to corn as it is at the present time, large quantities of wheat will be fed. It would require more than the wheat surplus to make up the deficit in the 1930 corn crop.

The wheat crop of the United States is of good quality. Protein tests indicate that the hard winter and red spring wheat crops of 1930 have a higher protein content than the crops of 1929. Even in the past season the abundance of high protein wheat resulted in relatively low premiums, and only small premiums are to be expected for the present season. The hard red winter wheat crop is grading considerably higher than last year and higher than average in the past five years. In Kansas July inspections graded 45.5 per cent of the cars No. 1 as compared with an average of 40.2 per cent in that grade in the period 1925-192 The crop began to move early and in large volume. Receipts in July were larger than a year ago when the crop was also early. The early movement of the crop in the face of a very large carryover was facilitated by an increase in storage capacity and by larger exports. It now appears that the winter and spring wheat crops will be moved without congesting terminal markets. The visible stocks at terminal markets are now somewhat larger than a year ago but it is probable that the seasonal peak of stocks will soon be reached and may not exceed the high poir of a year ago.

Wheat continues to move into export more rapidly than a year ago. Exports for the first two months of the season exceeded the corresponding period of last season by about 5 million bushels. The relation of prices in the United States t prices in foreign markets continues favorable for exporting.

The Northern Hemisphere wheat crop outside of Russia and China is likely to be about 3,200 million bushels, only about 2 per cent greater than in 1929. Recent upward revisions in the forecasts of the spring wheat crops of the United States and Canada have been largely offset by downward revisions in the estimates of European crops. The estimates of 27 countries reporting to date indicate a production of about 2,778 million bushels, 172 millions greater than a year ago. France is not included in these estimates and it is generally admitted that the French crop is at least 100 million bushels less than a year ago. The European crop now appears likely to be about 1,345 million bushels or 110 million bushels less than a year ago. Smaller crops in North Africa and Italy are likely to strengthen the market for American durum.

Russia and China have somewhat larger crops, but the increases in these countries may not have a very significant influence upon the world situation for the entire season. Shipments from Russia are a significant factor in world markets at the present time. In the past season Russia did not begin shipping until toward the end of the season. A shift in production has made it possible for Russia to begin shipping earlier in the present season. How much will be shipped is uncertain. One authority has estimated the probable exports at about 48 million bushels, in comparison with between 5 and 6 million bushels shipped in the past season. The immediate effect of better Chinese crops has been to supply the Chinese coastal mills with domestic wheat for a few months. Chinese takings in the past season were reduced by large stocks of flour in ports and a sharply declining exchange rate. The flour stocks are now at a low level and the exchange rate has become more stable. When the native wheats are used up, as they will be before the end of the season, China may import more freely and the takings for the season be as large or larger than in the past season.

The Southern Hemisphere crop conditions will soon be an important factor in the market. Australia has sown a larger acreage and conditions to date have been quite favorable for the crop. The Argentine area has been increased about 3.6 per cent, and a crop larger than last year is to be expected. Average yields would increase the crops of these two countries about 150 million bushels, making the world crop for the season about 150 to 200 million bushels greater than in the past season.

The probable increase in the world wheat crop would be nearly offset by the reduction in stocks at the beginning of the season. Surplus stocks in overseas exporting countries, United Kingdom port stocks, and afloat, as of July 1, 1930 were only about 36 million bushels less, but continental European supplies were at least 55 million bushels less than on July 1, 1929. Some authorities have estimated the reduction in European stocks to be much greater than the 55 million bushel estimate of our Berlin office.

A small reduction in the European rye crop may contribute some strength to the wheat market before the end of the season. The rye crop of Europe outside of Russia is probably about 50 million bushels less than in 1929. Smaller potato and feed grain crops also will increase the demand for rye, both as food and feed.

Reductions in the supply of feed grain crops in the United States and Europe are likely to be one of the most important factors in the demand situation for wheat during the 1930-31 season. In the past season corn and other feed grains were so plentiful in Europe that they not only reduced the feeding of wheat but even reduced the food consumption of wheat in some countries. In 17 European countries the feed grain production is estimated to be about 36,579,000 tons or 20.5 per cent less than a year ago. This reduction in supply does not represent scarcity in the sense that the corn crop of the United States is scarce, as the European feed grain supplies of the past season were very large, but it does greatly reduce the competition of feed grains with wheat.

POTATOES

The farm price of potatoes at $1.09 per bushel was 20 cents lower on August 15 than on July 15 and 30 cents lower than on August 15 last year. During the last half of August, market prices fluctuated very little and then advanced noticeably during the first week of September. At New York potato prices on September 8 averaged about $2.05 per 100 pounds, an advance of 30 cents since the middle of August. At Chicago during the same period, prices advanced about 45 cents to $2.35 on September 8. These advances appear to be an adjustment to higher levels warranted by reduced crop prospects.

The marketings of the late crop so far this season (to September 6) have been somewhat less than during the corresponding period of last year, the shipments from the 19 late surplus States amounting to 15,300 cars compared with 16,900 cars last year, but the movement from other States where most of the crop has already been marketed, amounted to about 13,000 cars compared with about 9,500 for the corresponding period last season. The marketings from the 19 late surplus States will undoubtedly continue to fall short of last year's volume as the season progresses, in view of the extensive crop deterioration which took place during August. As a result of drought damage generally and of excessive rains in Maine, the total potato crop prospects have been reduced by about 34 million bushels to a crop of only 339 million bushels. This is only 18 million bushels greater than the very small crop of 1925 and is 15 million bushels less than the light crop of 1926 and 21 million bushels less than the 1929 crop. During most of the 1926-27 and 1929-30 marketing seasons the general level of farm prices remained practically unchanged at about $1.35 - $1.40 per bushel, compared with $1.09 on August 15 of this year. In the winter months of 1925, prices advanced to about $2.00 in November and December and still higher thereafter. But in both the 1925 and 1926 seasons of light crops, the buying power of wage earning consumers was probably about 25 per cent higher than at the present time and food prices in general were also considerably higher, particularly in 1925. If crop prospects continue to point to a supply of about 339 million bushels somewhat higher prices approaching the 1926 and the 1929 levels may reasonably be anticipated.

RICE

The recent declines and present low levels of rice prices are largely accounted for by the low price level of all commodities. Rough rice prices of new crop Early Prolific have been further depressed this season, owing to low milling quality and relatively large crops of this variety in Louisiana and Texas.

No improvement in Prolific prices is anticipated during the next few weeks except possibly for the top grades. Another factor which has contributed to the low prices of rough rice is the apparent lack of demand for the milled product. Domestic sales and shipments to Porto Rico for August were reported to be below last year. Exports during July and August this year totaled 21,434,000 pounds compared with 38,252,000 for the corresponding period last year. Recent reports, however, state that 10 million pounds of American rice has been sold to Santo Domingo. This apparent decrease in demand is due in large part to the poor quality of Blue Rose type Prolifics on the market.

Blue Rose variety will come on to the market about October 1 and the low prices of Early Prolific may depress prices of Blue Rose rough for a short time. However, since only high grade Early Prolific is substituted for Blue Rose, and supplies of the best grades of the former are not large, Blue Rose prices are not likely to be depressed for any considerable period. If farmers market their Blue Rose at a normal rate, prices of the rough rice of this variety during October will probably improve to some extent.

Conditions as of September 1 indicate for this year a southern rice crop of 32.1 million bushels and 6.2 million bushels for California making an indicated United States total of 38.3 million bushels. This is 1.9 million bushels under that harvested in 1929. The relatively small carryover in the southern belt and California when added to this year's production makes a supply smaller than any since the 1924-25 season. Owing to the reduced buying power of consumers, however, the relatively small supply this year will probably not cause prices to increase as much as they did in 1924-25.

TOBACCO

The average auction floor price of Type 14 grown in Georgia and Florida for the 1930 season was about 10 cents per pound compared with 18.4 cents per pound in 1929 and 12.8 cents per pound in 1928. The quality of the crop in this section was below that of last season. The price of Type 12 and 13 grown in eastern North Carolina and South Carolina to date (September 12) have averaged about 25 per cent below those for the same grades last season. There has been some improvement in prices as the season advanced. Lugs appear to be lower compared with last season than cutters and good leaf. The quality of the crop in eastern North Carolina is better than last season. In South Carolina the quality appears to be fully as good as last season.

The total acreage of flue-cured types is 3.5 per cent larger than in 1929. The production indicated on September 1 is 772.7 million pounds, compared with a crop of 750.7 million pounds in 1929. The stocks of old leaf in the hands of dealers and manufacturers on July 1, 1930 were 599.3 million pounds compared with 590 million pounds a year earlier. The total supply this season based on September 1 crop conditions and stocks on July 1 is 1,373.0 million pounds compared with 1,340.7 million pounds in 1929 and 1,305.8 million pounds in 1928.

Since 1916 the disappearance of flue-cured tobacco including domestic consumption and exports has increased at an average rate of about 33 million pounds a year. Allowing for this increase in consumption the number of months supply this season is not greatly different from that at the beginning of either of the two previous seasons. In 1928 the season's average price was 17.7 cents per pound and in 1929 it was 18.1 cents per pound.

During the past five years the increase in the quantity of flue-cured tobacco used in making cigarettes has more than offset the decrease in the quantity used in making chewing and smoking tobacco. The net increase in domestic consumption during this period has averaged almost 5 per cent per year. During the year ended June 30, 1930 the increase was about 3 per cent. Cigarette tax sales maintained about the usual rate of growth from July to December 1929, being 9 per cent larger than for the corresponding period of the previous year, but from January to June, 1930 cigarette tax sales were only 1.5 per cent larger than for the corresponding period of last year. It may be that unfavorable business conditions affected consumption during the early part of 1930 or it may turn out that cigarette consumption is increasing at a slightly slower rate. In either case present indications are that the domestic consumption of this type of tobacco during the current year will exceed that of the year just closed. Cigarette tax sales in June 1930 were 8.4 per cent and in July they were 10.6 per cent larger than for the corresponding months of last year.

Exports of flue-cured tobacco during the year ended June 30, 1930 were 429.9 million pounds compared with 414.4 million pounds in 1929 and 328.9 million pounds the previous year. In July, 1930 exports were 18.0 million pounds compared with 14.1 million pounds in July, 1929. The United Kingdom and China are the principal importing countries.

There has been some uncertainty as to the effect of the low exchange rate and unsettled conditions in China. However, exports to China during the past few months have exceeded those of the corresponding period of the previous year and recent reports indicate that the cigarette trade in China is active. The total exports to China during the year just ended were 127.1 million pounds compared with 131.3 million pounds, the exceptionally large total of the previous year.

Exports to the United Kingdom during the year ended June 30, 1930 were 186.6 million pounds compared with 171.4 million pounds the previous year. Colonial grown flue-cured tobacco does not appear to be making much headway in displacing American grown types and exports to the United Kingdom this season are expected to compare favorably with those of the past two seasons.

Unless prices improve materially during the remainder of the marketing season an acreage reduction is probable next season. Recent studies indicate that if farmers respond to prices and other factors as in recent years the acreage in Georgia and Florida will be reduced about 20 per cent and should present prices prevail during the remainder of the season the area in the other sections would be reduced between 5 and 10 per cent.

CORN

Steady corn prices and declining wheat prices through the first week of September widened the spread between the prices for these grains and have caused increased feeding of wheat and increased marketings of corn. With the small supplies of corn in prospect for the coming feeding season, it is unlikely that corn prices will go much below present levels. The wide spread between corn and wheat prices at the present time makes the trend of corn prices unusually dependent upon the trend of wheat prices and no material improvement in corn prices is likely unless there is some improvement in wheat prices.

The average farm price of corn advanced sharply from 77.1 cents on July 15 to 90.0 cents on August 15, but was still below August 15 last year when farm prices averaged 95.9 cents. Prices at the central markets also averaged much higher during August than during July. No. 3 yellow corn at Chicago averaged 99 cents in August, 82 cents in July and 101 cents in August last year. Most of the advance in corn prices took place from the middle of July to the second week of August while the crop was deteriorating due to drought. From the middle of August to the first week of September prices were remarkably steady. For the week ended August 16 the average price of No. 3 yellow in Chicago was 99.9 cents and on September 6 the average was 100.0 cents. During the second week of September corn prices weakened relatively more than wheat prices and materially reduced the margin of corn prices over wheat prices.

Further deterioration of the corn crop took place during August due to hot dry weather over a large portion of the Corn Belt and conditions on September 1 indicated a crop of only 1,983 million bushels compared with 2,614 million bushels harvested last year, 2,309 million bushels in 1924 and 1,614 million bushels in 1901, the two previous years of unusually short crops. The shortage of corn for the coming season will be further intensified by the small crop of grain sorghums this year, which is only 65 per cent of average supplies and the short hay crop of only 94 million tons compared with 115 million tons last year. Supplies of oats and barley are slightly above last year but the shortage of corn and grain sorghums has reduced the supply of all feed grains to only 85 per cent of last year.

The production of corn for grain will undoubtedly be reduced more than the production of corn for all purposes. The low yields of both grain and fodder and the shortage of other roughages and pasture, accompanied by early cutting of corn forage will tend to greatly increase the acreage harvested as silage and forage this year and to decrease the acreage husked and snapped for ear corn.

Commercial stocks have increased somewhat during the past month but are still at unusually low levels. Total stocks of corn in 39 primary markets on September 6 were 4.9 million bushels compared with 3.2 millions on August 9 and 5.2 million bushels on September 5 last year.

Higher prices have tended to increase receipts while shipments were only slightly higher than in July. Total receipts at 14 markets were 19.9 million bushels during August compared with 16.5 million bushels in July and shipments were 12.7 million bushels compared with 11.8 million bushels in July. Reports from primary markets indicate that low grade wheat is replacing corn as a feed due to the wide spread in prices between corn and wheat.

The price of corn has been higher than the price of wheat since the second week of August and during the first week of September this margin averaged 15 cents at Chicago and similar margins existed in other markets. This is the only time in recent years when prices of corn remained above wheat prices for any length of time or when corn prices were over over one or two cents higher than wheat prices. Since a bushel of wheat has a greater feeding value than a bushel of corn for most kinds of livestock it seems that the present situation should result in considerable wheat being fed in the place of corn until their usual price relationship is reached. The trend of corn prices from now until the new crop becomes available will be more dependent than usual upon the trend of wheat prices and no marked rise in corn prices can be expected without at least a corresponding improvement in wheat prices.

FEED GRAINS

The total supplies of home grown feeds for the 1930-31 season will be about 15 per cent below those of last year and supplies of by-product feeds will be about the same as a year ago. The numbers of livestock on farms are slightly smaller than last year, but this will be partly offset by the increased feeding early in the season due to poor pastures in the drought areas. Prices for nearly all feeds are now somewhat below a year ago and the shortage of corn supplies suggests that they are not likely to decline much (if any) below present levels.

The total tonnage of feed grains for the 1930-31 season is about 15 per cent below that for the 1929-30 season and 18 per cent below the average supply for the past five years. Supplies of oats are slightly above average and are 13 per cent above last year. Barley supplies are also plentiful, being 34 per cent above the five year average and about equal to last year's large supplies. The shortage of feed grains is largely in corn and grain sorghums. Supplies of corn are only 76 per cent of last year's short supplies and are only a little over 73 per cent of the 5-year average. The grain sorghums crop of 1930 is 82 per cent of last year's small crop and only 65 per cent of the 5-year average crop. The hay crop is also smaller than usual being only 82 per cent of last year's crop and 88 per cent of the 5-year average production.

Supplies of commercial feedstuffs will not be greatly different from a year ago. The amount of wheat feeds and cottonseed meal will be about [illegible]. [illegible] corn by-products will probably be less than a year ago but supplies of linseed meal may be greater than last year.

Supplies of feed grains in European countries are also materially below last year. Present indications are that the total supplies will be about 20 per cent below a year ago. Supplies last year, however, were unusually large and the low price of wheat and poor economic conditions in most European countries are likely to restrict any large purchases of feed grain until later in the season.

The total number of stock to be fed during the 1930-31 season will be slightly less than during the past season. The total number of cattle on farms is about 3 per cent larger than a year ago but this is more than offset by smaller numbers of hogs, horses and mules. The demand for meat and dairy products is now somewhat less than a year ago due to the decreased buying power of consumers and has resulted in lower prices for most of these products. Should these lower prices continue it is likely that farmers will use less grain per animal than usual during the coming season. The smaller numbers of livestock and lower prices for livestock products will be largely offset, however, by the lack of fall pasture which has already compelled many farmers to begin feeding their livestock.

Prices of most feeds are now somewhat below a year ago in spite of the lower supplies of feed grain. On August 15, the farm price of corn was 90 cents or 6 cents below the same time last year. The price of oats was 35.7 cents or 7 cents lower and the price of barley was 43.6 cents or 12 cents lower than a year ago. The farm price of cottonseed was $23.99 or $8.70 per ton lower than last year while hay was only $11.31 or 46 cents a ton above August 15 last year. Present prices for by-product feeds, except corn by-products, are also materially below prices at the same time a year ago.

The decline in the general price level during the past year has been an important factor in depressing the price of feed grains and feedstuffs. The general level of prices is now about 16 per cent below the same time a year ago, but during the past month prices have been fairly stable and it is not likely that prices of feed grains will be depressed further by changes in the general price level. The present low level of wheat prices is also largely responsible for the lower feed prices.

In view of the present low feed prices, the stability of the general price level during the past month, and the shortage of feed supplies for the coming season, it is not likely that feed prices will fall much if any below the present levels. In past years of short feed supplies, prices of feeds and feedstuffs have begun to advance as the feeding season began. During the latter part of August and first week of September, corn prices were considerably above wheat prices in the central markets. This has resulted in farmers using wheat for feed in several localities and lower grades of wheat in the primary markets are being sold for feed.

The present margin of corn prices over wheat prices is so extreme that it seems unlikely to continue throughout the year. Corn prices are also high in comparison with competing feedstuffs, and feed grains. The unusually small supply of corn, however, argues against any continued lowering of corn prices below present levels, even though some decline takes place as the new crop becomes available. On the other hand the short corn crop should add strength to the other feed grain markets.

HOGS

Hog prices rose sharply during August and a new weekly top of $11.90 for the current crop year was made at Chicago during the week ended August 24, just a month after the year's lowest weekly average had been established. Although exports of both pork and lard fell off materially in July, storage stocks are still considerably below those of last year at this time. The time of year when a seasonal downturn in hog prices usually occurs is near but indications point to a continuation of relatively small market supplies of hogs during the next six weeks. Reduced feed supplies and a less favorable corn-hog ratio, however, probably will result in relatively large slaughter supplies during the late fall and early winter.

The August average price of hogs at Chicago was $9.58. This was about 9 per cent below that of August 1929, but almost 10 per cent above the monthly average for July this year. The weekly average in August rose from $8.99 in the first week to $10.07 in the third week. Average prices since then have fluctuated around the $10.00 level. The average of $9.99 during the first week in September was seven cents higher than that for the corresponding week last year.

Wholesale prices of fresh pork loins at New York made substantial advances during every week in August. A considerable part of the rise was lost during the first week in September; but prices that week were not greatly different from those in the corresponding week a year earlier. Prices for fresh hams remained unchanged during August at $22.50 or $2.50 below those of a year earlier. Cured pork prices at New York made slight advances the last week in August and the first week in September. These advances brought the level of bacon prices up to that of a year earlier, but prices for both cured hams and picnics were still considerably below those in the first week in September 1929. Prices of refined lard at New York rose from $11.62 at the beginning of August to $13.00 during the first week in September, but the latter price was still $1.50 below the average for the first week in September last year.

Federally inspected slaughter of hogs in August, amounting to 2,724,000 head, was 14.5 per cent smaller than that of July, and 13.0 per cent smaller than that of August 1929. Slaughter during the first eleven months of the current hog-crop year was 3,141,000 head or 6.7 per cent smaller than that in the corresponding period last year. Slaughter at nine important centers during the first two weeks of September was almost 21 per cent below that during the corresponding weeks in 1929 and indications are that slaughter through most of October will continue relatively light as compared with slaughter last September and October.

Storage supplies of hog products continue relatively small. Stocks of pork on September 1, amounting to 552 million pounds, were 15.3 per cent smaller than those on August 1, 23.3 per cent below those of September 1, 1929 and 18.3 per cent smaller than the 5-year September 1 average. Lard stocks amounting to 89 million pounds were 50.5 per cent smaller than those on September 1, 1929 and 43.7 per cent smaller than the 5-year average on that date. The reduction in storage stocks of hog products compared with a year ago is the equivalent of about 1,600,000 hogs.

Exports of both pork and lard fell off materially in July. Fresh and cured pork exports declined 23 per cent and lard exports were 21 per cent smaller than those in July 1929. Total exports in July, however, amounted to 12.6 per cent of the July production, and this is not greatly different from the 5-year average ratio of exports to production in July. The foreign outlet for pork products appears likely to continue unfavorable for some months as Europe is on an upward trend in hog production.

More or less uncertainty prevails as to the probable distribution of hog slaughterings during the next six months. In other years of small corn crops and unfavorable corn-hog ratios there were relatively light receipts in the early fall, and in the late winter and early spring, but in the late fall and early winter receipts were relatively large. This distribution resulted in a rather material advance from the winter or fall low price to the spring high price.

The time of year when hog prices usually make a seasonal decline is at hand. In some years this decline is preceeded by a sharp advance in late September or early October as in 1924, but this advance usually does not extend over a period of more than two weeks, and if the seasonal downturn has not already started it may be expected to get under way in the next few weeks. The average of September and October prices probably will not be greatly different from that of the corresponding period in 1929.

CATTLE

After the sharp decline during July, cattle prices during the first half of August were fairly steady at the low levels prevailing at the beginning of the month. During the second half of August a rather sharp recovery was made and by the end of the month most kinds of cattle had regained the loss suffered during July. The price recovery was greatest with the better grades of beef steers and least with the poorer grades of butcher cattle.

The average weekly price of choice steers at Chicago, which at the low point went below 10 cents and reached the lowest level for the month since 1921, advanced to 12 cents by the end of the first week in September. The price recovery on the lower grades of butcher cattle, however, was short lived, declines during the first week of September wiping out most of the August advance.

The recovery in cattle prices was due partly to light supplies and partly to improved market demand. Receipts of cattle at 7 markets during August were very small. At 7 markets they were 11 per cent below August 1929, nearly 30 per cent below the 5-year August average and the smallest for the month in at least 14 years. Receipts at Chicago were the smallest for August in 40 years. Inspected slaughter was 4 per cent below August 1929 and 10 per cent below the 5-year August average. Shipments of stocker and feeder cattle were much the smallest for the month in at least 12 years, reflecting both the small supply of cattle and the indifferent demand for unfinished cattle. The recovery of prices of beef steers resulted in a somewhat similar advance in stocker and feeder cattle prices.

Cattle supplies during September are expected to show a seasonal increase and during the last 4 months of 1930 will probably be at least as large as during the same period in 1929. Some further advance in fed cattle prices, a continuing weak market for butcher cattle and fairly steady prices for stocker and feeder cattle, seems to be the prospect for the next two or three months. Any considerable recovery in the general level of cattle prices must await a substantial improvement in consumer demand for beef.

BUTTER

Butter prices made more than the usual seasonal rise from July to August in response to curtailed production, caused by the drought. The movement into consumptive channels continues at levels slightly below a year ago in spite of the lower prices and reflects the lower demand for butter. The low production during August resulted in a slight decrease in cold storage holdings on September 1 compared with the usual seasonal increase from August to September, and holdings are now slightly less than average for this time of the year. Production for the remainder of the year is not expected to continue as much below a year ago as during July and August, but is not likely to exceed the production during the latter months of last year.

The price of 92 score butter at New York during August averaged 38.9 cents per pound. This was 3.4 cents more than July, but 4.5 cents or 10.4 per cent less than in August 1929. The farm price of butterfat made similar advances during August. On August 15 the farm price averaged 35.2 cents compared with 31.6 on July 15 and 43.3 on August 15, 1929.

Sharp decreases in receipts at the principal markets resulted from the decrease in production caused by the drought. Receipts of butter at the four principal markets during August were 53,020,000 pounds, or 14.6 per cent less than during August, 1929. Total receipts for the first eight months of 1930 at the same markets were only 3 per cent less than for the same months in 1929. Reports from cooperatives and trade associations indicate that production during the last week of August and the first week of September was not as much below a year ago as during the unusually dry weather of July and the first half of August.

The disappearance of butter from the four principal markets during July was one per cent less than a year ago. For the seven months from January to July, however, the total disappearance was only about 0.7 per cent less than for the same months for 1929. Although butter prices during 1930 have been decidedly lower than a year ago, the movement into consumptive channels has been slightly less.

The estimated production of creamery butter during July, 1930, was 11.7 per cent less than in July, 1929. The principal decrease occurred in Nebraska, Kansas, Missouri, Illinois and Ohio, where production during July was more than 20 per cent less than a year ago. In Minnesota and Iowa production declined about 9 per cent from July last year. The drought has caused marked curtailment in production and the production of milk per cow on September 1 was 6.4 per cent below a year ago. Pasture conditions on September 1 were the lowest ever recorded for that month, and the shortage of feed is likely to curtail production somewhat when the heavy feeding season approaches. Although the number of milk cows on farms is about 4 per cent greater than a year ago, this is likely to be offset by lower production per cow.

Cold storage stocks of butter on September 1 were 143,096,000 pounds compared with 168,952,000 pounds on September 1 last year, when storage holdings were the highest on record and 147,076 million pounds for the 5-year September 1 average. Although the peak of the cold storage holdings is usually reached September 1, there was a net out-of-storage movement during August this year, and storage holdings on September 1 were 2,201,000 pounds below those of a month earlier. The relative low storage holdings at this time improved the outlook for butter prices over that of a month ago. Last year butter prices declined sharply from October to February, due to the falling price level and declining business conditions. This year prices should follow the usual seasonal trend, and by the first part of 1931, prices are likely to be as high or higher than during the first part of 1930.

CHEESE

Although cheese prices during July were the lowest since 1921 movement into trade channels continues to run below a year ago. Production for the first seven months of 1930 was somewhat above last year and this together with the lower trade output resulted in the largest cold storage holdings on August 1 that were ever recorded for that date. During August prices improved somewhat and cold storage stocks decreased instead of making the usual seasonal increase. Prices are still low, however, and the large cold storage holdings continue to be a depressing factor.

The wholesale price of No. 1 American cheese (single daisies) in Chicago during July 1930 averaged 16.5 cents per pound. This was 4.6 cents or 22 per cent less than in July 1929, and the lowest since June 1921. From the third week of July to the last week in August the wholesale price of American cheese advanced 2.2 cents per pound and the wholesale price during August averaged 17.9 cents or 1.4 cents higher than during July. The increase in the August price over July was four times as great as the usual seasonal rise from July to August, and 13 per cent greater than the largest July-to-August increase during the nine year period 1921 to 1929.

The estimated production of cheese for the first seven months of 1930 was 7.4 per cent larger than during the same months of 1929. The increase in production over 1929 was largest during the first five months of the year. Poor pasture conditions during June and July curtailed milk production and the estimated production of cheese was only 3.2 per cent larger than for the same two months of 1929.

The apparent trade output of cheese for the first seven months of 1930 was 2.3 per cent less than for the same months of 1929 in spite of the lower prices which reflects the lower demand for cheese.

As a result of the increased production and lower consumption cold storage holdings of American cheese on August 1 were the largest holdings on record, being 88,664,000 pounds or 12.2 per cent larger than a year previous, and 15.9 per cent greater than the 5-year average August 1 holdings. Cold storage holdings on September 1 were 87,253,000 pounds compared with 86,558,000 pounds on September 1 a year ago and 79,604,000 pounds for the 5-year September 1 average.

The estimated cold storage holdings of American cheese as of September 1 indicate a net out of storage movement from August 1 to September 1 of about 1.4 million pounds. This is the first time on record that there was a net out of storage movement during August. For the five years 1925 to 1929 the net into storage movement during August averaged 7.5 million pounds. The unusual storage movement during August was probably due to the price differential in favor of butter and condensed and evaporated milk causing a large diversion of milk from cheese factories to condenseries and creameries. Shortage of milk supplies in certain mid-western cities also caused a diversion of milk from cheese producing areas to these points.

EGGS

. The seasonal rise in egg prices continued during August but on a level below that of recent years. Receipts were lower than usual for the month of August but during the last week of August and first week of September receipts were about the same as a year ago. Storage holdings are extremely large, making certain a plentiful supply of eggs during fall and winter. Some improvement in demand is indicated by the larger movement into consumptive channels.

The prices of the better grades of fresh eggs at New York rose during August, fresh extras averaging 30.4 cents, or 5 cents above the July average, but about 8 cents below the price in August 1929. Fresh firsts averaged 24.5 cents, about 3 cents above the July average but nearly 10 cents below a year ago. In view of the present large storage supplies the difference from a year ago is likely to continue about the same through the fall and winter months. Last year prices of extras and firsts averaged 58 cents and 51 cents, respectively, in December, the month of peak prices.

Receipts of eggs at the four markets dropped sharply in August, being 879,000 cases as compared with 1,308,000 cases in July and 1,095,000 cases in August 1929. With cooler weather, during the early part of September receipts have regained the levels of a year ago. For the next three months receipts are likely to be about the same as for the same period in 1929.

Cold storage holdings of eggs, the primary source of supply in fall and winter, are large. Stocks of eggs in the shell on September 1 were 10,589,000 cases or about 22 per cent more than a year ago and about 10 per cent more than the 5-year average. Stocks of frozen eggs are also heavy, being 113,238,000 pounds on September 1, equivalent to 3,235,000 cases or 30 per cent more than a year ago and 52 per cent more than the 5-year average.

Consumptive demand, as indicated by the trade output has been at low levels since the early spring months. Some improvement however was noted in August when trade output was only 2 per cent below last year while in July output was 11 per cent below July 1929.

POULTRY

The farm price of chickens declined from 17.4 cents on July 15 to 17.3 cents on August 15. A year ago the price changed from 23.7 cents to 22.7 cents for the same dates. In 1927, a year comparable to this the seasonal decline was slight after August, most of it having occurred before then. An unusually large drop in price came in July of this year and no further material decline is likely.

Receipts of dressed poultry at the four markets during August were 20.0 million pounds as compared with 25.6 million pounds a year ago and a 5-year average of 22.1 million pounds. For the next three or four months, receipts are likely to continue somewhat below the record figures of the same period a year ago, though numbers of chickens on farms this summer have been about the same as last year. The explanation is to be found in very heavy shipments of poultry early in the season and in loss of weight and deterioration due to heat in recent shipments. It is also likely that poultry were fed to lighter weights than a year ago.

Storage holdings of frozen poultry on September 1 were 42.6 million pounds as compared with 49.0 million pounds a year ago and a 5-year average of 43.2 million pounds. Last year there was a net into-storage movement of about 8 million pounds during August while this year the net movement was out of storage, indicating a weaker demand on the part of storage operators, many of whom lost heavily this past season. As much of the fall and winter receipts must go into storage, this factor will tend to maintain low prices.

LAMBS

Lamb prices, after reaching the lowest level of the season to date for new crop lambs about the end of July, made a recovery of over $1.00 per hundred during August. At the low point the top on slaughtered lambs at Chicago was around $9.00 and the recovery was to be about $10.35. Most of this advance, however, was lost during the first week of September. Feeding lamb prices at Chicago made a similar advance, the average weekly cost going from $6.09 to $7.50 between the first and last week of the month. Compared with a year ago feeder lamb prices are much lower than fat lambs. During August 1929 slaughter lambs at Chicago averaged about $13.00 and feeder lambs $12.85, this August slaughter lambs averaged about $8.75 and feeder lambs $6.80.

While the receipts of lambs at 7 leading markets during August was practically the same as in August last year, inspected slaughter this August was 9 per cent larger than last, 22 per cent above the 5-year August average, largest for the month on record. Shipments of feeder lambs from markets were very limited, the movement into 7 important feeding States of the corn belt being 35 per cent smaller than in August last year and the smallest for any August since 1921. These small shipments reflect both the poor pasture conditions and prospective short corn production and also the uncertainty of feeders as to the trend of the lamb market during the next four months.

WOOL

Domestic wool prices were firm during August and early September with a few active lines showing slight advances. Trading at the Boston market was rather quiet partly because of seasonal conditions and the approaching of the new season's sales in primary markets. Demand continued best for 64s and finer grades. The market on foreign wools was very quiet.

The Boston price for strictly combing Ohio and similar grease wools on September 6 was $31\frac{1}{4}$ cents per pound for 64s, 70s, 80s (fine) an increase of 1/4 cent per pound being reported in August while 58s, 60s (1/2 blood) and 56s (3/8 blood) were $30\frac{1}{2}$ and 30 cents per pound respectively an increase of 1/2 cent per pound during the month. Strictly combing 56s fleece wools advanced 1 cent per pound in August while all other fleece and territory wools remained firm and unchanged.

Receipts of domestic wool at Boston continue well above the level of previous years but no depressing influence is felt from them on the market. The receipts for August amounted to 50,648,800 pounds compared with 32,377,000 pounds in August 1929 while total receipts from January 1 to August 31 were 57,000,000 pounds above those for the same period last season and 38,000,000 pounds above 1928. Stocks of foreign wool in the United States have been very low in recent months and imports of combing and clothing wool show some increase since the end of June. Imports from July 1 to September 6 were above those for the same period last year but imports from January 1 to September were almost 30 per cent below those for the same months of 1929.

Domestic consumption of combing and clothing wool in July continued the improvement begun in June and increased to 25,469,000 pounds compared with 29,622,000 pounds consumed in July, 1929. Total consumption for the seven months ended July 31, 1930 was 17 per cent below consumption for the same months of 1929.

Foreign wool auctions will be resumed about the middle of September when the new Southern Hemisphere clip starts to market. Activity in the Bradford top market fell off in August and poor demand is reported to be keeping prices low and some slight price recessions have occurred in Bradford tops during the past month. Trading on the Continent continues rather quiet but shows some improvement over the July level. The French industries are still hampered by the social insurance strike which is but partially settled.

There was an increase in the total amount of wool tops and yarn passing through conditioning houses at Bradford from May through July when the amount exceeded that of last year. This recovery followed the settlement of the wool textile workers' strike. In August, however, the total again dropped below that of last year. During the Bradford strike considerable business was transferred to the Continent. As a result the total amount of materials passing through conditioning houses at Roubaix and Tourcoing and at Verviers was higher in May than it was last year. But since May the figures for Roubaix and Tourcoing have shown a marked falling off this year in contrast to the steady increase after May last year. At Verviers there was a decrease in June and July to levels below

those of last year, and the slight improvement in August was not quite as large as occurred last year. This general falling off in activity appears to reflect the general demand conditions responsible for the weakness in Bradford tops prices.

The Australian wool clip will probably be slightly less than last year, but the total Southern Hemisphere clip is not expected to be much different from the last year's large clip. Stocks of last year's wool in the primary markets in the Southern Hemisphere have moved out rapidly in recent months and information is not available to show just where they have gone. Some of it is undoubtedly still in ocean transit and should appear shortly in the import figures of various countries. Probably a large part of this wool will be offered in the London Auction sales which open September 18.

COTTON

The sharp decline in cotton prices during August resulted in the lowest daily market price since June 1921 and the lowest monthly average since September 1915. During the last of August and the first of September prices moved irregularly. Last season the world consumption of American and Egyptian cotton was reduced but most of this reduction was offset by increased consumption of the cheaper Indian and sundries cottons. The reduction in consumption took place in the United States and European countries, where it was most noticeable and left larger than usual stocks to be carried over in the United States. Stocks of Indian cotton have been reduced, however, and stocks of American cotton outside the United States are lower than last year so that the total world supply of American cotton is smaller than in 1927-28. Mill activity and consumption of raw cotton both in the United States and abroad continue low. Production, sales and unfilled orders of standard cotton cloth improved during August, but are still low. The crop movement is earlier than last year and exports of raw cotton are above last year.

The August decline in cotton prices took the price of Middling 7/8 inch cotton at the ten markets to 10.10 cents per pound on August 18 which is 1.91 cents per pound below the price on August 1, 2.28 cents below the quotation on August 8, and is the lowest since June 1921. Since the low point of August 18 the price movement has been irregular. The average of the 10 markets for August was 10.63 cents compared with 12.21 cents for July, 18.04 cents for August 1929, and is the lowest monthly average since September 1915. The average farm price on August 15 was 11.4 cents, .4 cents below July 15, 6.6 cents below August 15, 1929 and is the lowest since November 1926.

The Crop Reporting Board estimated that on September 1 the condition of the 1930 cotton crop indicated a production of 14,340,000 bales of 500 pound, gross weight. This is 22,000 bales lower than were in prospect a month earlier, 488,000 bales less than last year's crop, and 688,000 bales less than the average crop of the five years, 1924 to 1928. The decrease of 22,000 bales in the September forecast as compared with that of August was due principally to the reduced prospects in Texas, Oklahoma, Arkansas and Tennessee, which more than offset the improved conditions in the eastern part of the belt. This deterioration in the cotton crop in some states and the improvement in others during August was largely the result

of weather conditions. It is reported the the present prospect is that the total loss from weevils this year will be less than any year since all states in the cotton belt proper became infested with weevils, except 1925. In that year reported reduction from a full yield due to weevils was 4.1 per cent. The Bureau of the Census reports ginning of the 1930-31 crop prior to September 1, 1930 at 1,878,253 bales compared with 1,568,434 bales, and 956,577 bales ginned to the corresponding date in 1929 and 1928 respectively.

Last month it was pointed out that the prospective supply of American cotton in the United States for the 1930-31 season to be 18,684,000 which is reduced by the latest crop estimate to 18,662,000 bales. Supplies in this country for earlier years were 16,958,000 bales, 16,904,000 bales in 1928-29, and 21,391,000 bales in 1926-27.

Domestic consumption of raw cotton during August, fell to 352,335 running bales, 26,500 bales below July, and 206,000 bales below August 1929. August consumption was the lowest for any month since July 1924 and was the lowest August consumption on the records which extend to 1912. The world mill consumption of American cotton for the year ended July 31,1930 amounted to 13,023,000 running bales compared with 15,076,000 bales the previous year, a decrease of 13.6 per cent, according to a late report from the International Federation of Master Cotton Spinners' and Manufacturers Association. The decrease in the world mill consumption of all growths amounted to only 4.2 per cent in terms of uniform bales and of Egyptian 5.3 per cent, while the total mill consumption of Indian cotton increased 17.6 per cent, and the indications are that the stocks of Indian cotton are low which is probably responsible for the relatively stronger price of Indian cotton when compared with American. This relationship is more favorable to the consumption of American cotton than at any time since early March.

The weekly average production of cotton cloth during August amounted to 43.8 million yards according to the Association of Cotton Textile Merchants of New York. This compares with a weekly average during July of 41.5 million yards and 61.5 million yards during August 1929. Sales of cotton cloth made another gain during August with the weekly average amounting to 47.0 million yards which compares with 45.0 million yards during July, 32.5 million yards during June, and 62.5 million yards during August last year. Stocks at the end of August were 12.5 million yards less than at the end of July but 78.9 million yards above August 1929. Unfilled orders while 1.8 per cent above July are still very low.

Exports of raw cotton during August amounted to 366,000 bales, an increase of 190,000 bales over July and 140,000 bales over August 1929. Exports of cotton textiles from Great Britain during August were lower than during July and were lowest for the month since 1919. Textile activity outside the United States on the whole is still low though slight improvements have taken place in some of the central European countries.

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THE PRICE SITUATION, OCTOBER 1930

FARM PRICES

The index of farm prices advanced 3 points from 108 on August 15 to 111 on September 15, but was 30 points below a year ago. Advances in corn, oats, barley, hay and potatoes were largely in response to prospects for smaller supplies because of the drought. Prices of hogs and cattle advanced from the low levels of August, and butter, eggs and poultry prices made more than the usual seasonal advance. These advances more than offset declining prices for cotton, wheat, flax, lambs and apples which usually decline at this season of the year. Prices for other products remained practically unchanged from August.

From September 15 to October 10 prices for most farm products at the central markets have shown a downward tendency. The break in the stock market the latter part of September and first part of October caused weakness in all speculative commodity markets and cotton, corn and wheat prices declined sharply. Hog prices on October 10 were somewhat lower than in mid-September and apple and potato prices have shown some declines. The average of farm prices has probably lost the gain made in September.

The supply of farm labor on October 1 was the largest reported since data were first collected in 1918. This together with poor crop prospects in many sections and the unusually low prices of agricultural products caused farm wages to reach the lowest levels since January, 1923. The index of farm wages at 150 per cent of the pre-war level on October 1 was 10 points below July 1 and 14 points below October, 1929. The usual trend of farm wages is upward from July to October, the average seasonal advance during the past 5 years being 2.6 points.

Prices paid by farmers declined from 151 in March 15, 1930, to 148 on June 15 and was 7 points below June last year. The greatest declines were in the prices of farm equipment and supplies which declined 9 points from March to June and clothing which were 5 points lower. With a downward trend in wholesale prices from June to September it is likely that the index for September will show a further decline.

THE GENERAL COMMODITY PRICE LEVEL

The average level of wholesale prices in September was about equal to that of August, but during the last two weeks of the month agricultural and food prices made marked declines which reduced the level of commodity prices to the low point of the season reached the last week of July.

On September 30, according to the Annalist index (1913=100) farm product prices at 111 were 7 points below a month earlier and only 2 points above the low level for the season reached the last week of July. The index of food prices advanced to the middle of the month and then declined so that on September 30 it was 1 point below a month earlier. Textiles declined 2 points during the month and metals 1 point. Prices of fuels, chemicals and miscellaneous commodities made only negligible changes during the month. Building materials prices in the first part of the year did not decline as much as the general price level, but during the past two months price declines in this group have exceeded all others. On September 30 they were 6 points below a month earlier and 14 points below July 29.

As a result of the price declines in several groups the all commodities index on September 30 was 121 compared with 125 on September 2 and 146 a year ago. During the first week of October agricultural, textile and food prices made some advance, but the all commodity index was still below the level of early September.

Below is a Table which shows comparable index numbers of wholesale prices for 10 important countries. The first column shows a comparison of the price level in these countries in 1925 with 1913. The second column gives a comparison of price levels in these countries in July, 1930, with 1913; and the third column is a comparison of July prices with prices in 1925. The index numbers are based upon a list of commodities as nearly identical as possible for all countries, the same method of calculation and weighting being applied to each.

Comparative index numbers of wholesale prices in 10 countries 1/

Country	1913 = 100		Percentage July, 1930
	1925	July, 1930	is of 1925
United States	165	122	74
United Kingdom	158	114	73
Holland	148	108	74
Sweden	149	110	75
Canada	164	131	79
Belgium (gold basis)	149	121	81
Italy " "	140	116	83
France " "	124	109	88
Germany	142	122	89
New Zealand 2/	162	148	92

1/ From London and Cambridge Economic Service, September 23, 1930.
2/ June.

Prices in the principal foreign countries have continued their decline and on October 4 index numbers of wholesale prices in England, France, Germany and Italy were all at the lowest levels since the war.

BUSINESS CONDITIONS

The general level of business activity in August was slightly below the levels reached in July and continued at low levels through September and early October. There was some improvement in certain lines of activity during September, but this proved to be less than seasonal for most lines. The present business recession has now been in progress about 15 months and such recessions usually continue 12 to 18 months. This, together with low prices of raw materials, easy money, and decreased inventories on the part of retail stores, suggest that the downward trend in business activity may be nearing the end. Some positive indications of improvement are noted in machine-tool orders, in the textile and shoe trades and in residential construction. As the generally low business activity here and abroad has depressed farm prices greatly in the past several months, so any material improvement in business will lead to stronger demand for farm products and better prices to producers.

The Federal Reserve Board's index of production for August was 92 compared with 94 in July and was 28 per cent below the peak of June, 1929. The Bureau of Labor Statistics index of employment (1926 =100) declined from 82 in July to 80 in August and the index of payrolls declined from 76 to 74 during the same period. Declines in the indexes of employment and payrolls in the iron and steel, automobile, agricultural implements and tobacco industries were much greater than for all industries combined, while in the textile, leather and shipbuilding industries some increases in employment and payrolls were shown. The usual trend of both employment and payrolls is upward from July to August.

The daily average of building contracts awarded during September when seasonally adjusted was slightly below the average for August, but was characterized by a marked improvement in residential construction. Freight carloadings during September when adjusted for seasonal trend were about 7 per cent below August and 21 per cent below a year ago. Electric power production made less than the usual seasonal increase during September. Automobile production declined about 3 per cent from August to September, but the decline was less than usual at this time of year. Pig iron production in September was over 7 per cent below August and steel ingot production with seasonal adjustment was 9.5 per cent below August and the lowest since July 1924.

WHEAT

A marked reduction in the supply of feed crops in Europe and in the United States and low wheat prices continue to favor the feeding of wheat. Wheat prices have continued to decline in the past month under the pressure of heavy marketings from Canada and Russia. The conditions associated with a further decline in stock market prices and low business activity have also contributed to the reduction in prices. Some advance in prices is likely when the visible supply begins to decline. But as stated a month ago, no material improvement in wheat prices is to be expected until business conditions become more stabilized and the general price level turns upward.

The farm price of wheat declined from an average of 74 cents per bushel in August to 70.3 in September, and October farm prices may average lower than in September. Cash prices of all classes and grades of wheat at six markets declined from an average of 81 cents per bushel the week ended September 12 to 74 cents the first week of October. The prices of each of the several classes of wheat declined. The marketing of the spring wheat crop in Canada and the northwestern States caused the decline to be greatest in the spring wheat markets, while heavy feeding in the winter wheat producing regions held in check to some extent the decline in the winter wheat markets. The average price of No. 1 dark northern spring dropped from 91 cents the second week in September to 83 cents the first week of October. No. 2 amber durum at Minneapolis declined only 5 cents in these four weeks, but the average price of this class of wheat had already fallen from 93 cents the second week in August to 79 the second week in September, while the prices of No. 1 dark northern spring were being maintained. The price of No. 2 hard winter at Kansas City declined from 80 to 73, while No. 2 red winter at St.Louis was declining from 90 to 85 cents per bushel.

The price of wheat continues low relative to the price of corn. The first week of October the cash price of No. 3 yellow corn at Chicago averaged 86 cents per bushel, 12 cents higher than the average of all classes and grades of wheat at six markets. The average farm price of corn in the middle of September was 91.7 cents per bushel, when wheat averaged only 70.3. In every state, excepting South Carolina and Georgia, the farm price of wheat was below the price of corn. The difference in price ranged from 30 cents below in Maryland to 19 cents above in Georgia. The farm price of wheat ranged from 57 cents a bushel in Wyoming to 127 cents in Georgia, while the farm price of corn ranged from 74 cents per bushel in North Dakota to 133 in Arizona. As long as this disparity between wheat and corn prices continues, farmers in many parts of the country will feed wheat as a substitute for corn and use it extensively in mixed feeds.

The slight upward revision in the estimates of the spring wheat crops of the United States from 140 to 142 million bushels has little practical significance. Added to the winter wheat, the total United States crop is now estimated to be about 840 million bushels as compared with 806 millions harvested in 1929, and an average of 833 millions harvested in the 5-year period, 1924-1928. The crop began moving early. The stocks in terminal markets are large but receipts are declining and the visible supply probably will not be increased much if any above the high point reached at the end of September. In recent weeks the exports of wheat have declined but

the weekly shipments continue to be above those of corresponding weeks of a year ago. The net exports of wheat including flour from July 1 to September 27 amounted to 54 million bushels, about 9 million bushels in excess of the exports of the corresponding period a year ago. A continuation of this rate of exports and heavy feeding of wheat in many of the winter wheat producing states probably will result in the visible supply being reduced at a fairly rapid rate after the peak has been reached.

No significant changes in crop prospects have developed in the past month. The Northern Hemisphere crop, outside of Russia and China, probably will be only slightly larger than that of the past season. Forecasts and estimates of production in 30 countries total about 2,804 million bushels, compared with 2,645 million harvested in the previous season. These estimates do not include France where the crop is believed to be at least 100 million bushels less than a year ago. Apparently Russia is harvesting a crop larger than that of a year ago, and is exporting more than in any previous post-war year. Shipments reported to date total about 25 million bushels. The coastal wheat growing regions of China are harvesting better crops, but conditions recently reported indicate that Chinese markets may take a considerably amount of wheat from foreign countries.

The Southern Hemisphere crop conditions reported to date indicate that the yield outturn may be about average upon a larger acreage which would produce a crop considerably larger than the short crop of the past season.

Average yields in the Southern Hemisphere probably would result in a world wheat crop outside of Russia and China of about 3,650,000,000 bushels or about 4 per cent larger than the crop of 1929, but 9 per cent less than the big crop of 1928. Russia probably will add at least 50 million bushels to the supply for the remainder of the world, making the total new crop supply about 200 millions greater than for the past season. This would be offset in part by the reduction in the stocks of old wheat at the beginning of the marketing season leaving the total world supply only about 3 per cent greater than for the previous season.

The world's consumption in the 1930-31 marketing season probably will exceed production, and the carryover at the end of the season is likely to be reduced to about a normal level. Shorter feed grain crops and lower wheat prices probably will increase the consumption of wheat in the United States and in Europe to the extent of about 250 million bushels, leaving the world's carryover of wheat on July 1, 1931 about 150 to 200 million bushels less than on July 1, 1930. This would reduce the recorded world's stocks to about 350 to 400 million bushels, somewhere between the stocks of July 1, 1927 and July 1, 1928.

FLAXSEED

Prices of flaxseed in the principal world markets at the present time do not appear to be out of line with supply and demand conditions. The United States and Canada have materially larger crops this year than were harvested in 1929. Argentina has sown a record acreage to flax and present prospects are for a record crop in that country. Hence prospects are for larger than average supplies of flaxseed during the 1930-31 season.

In the past season the short crop of flaxseed in the United States, Canada and Argentina caused flaxseed prices to reach unusually high levels. In October 1929, No. 1 flaxseed at Minneapolis averaged $3.32 per bushel. The world wide business depression, the accompanying declining price level, and heavy offerings of Indian seed caused prices to decline from this high level to July when the price averaged $2.32 per bushel. During August prices were being adjusted to the new crop and prices declined further, the weekly average for the fourth week of August being only $1.92. From the fourth week of August through the third week of September prices remained fairly steady, but declining prices for other grains during the latter part of September caused flaxseed prices to weaken also and during the fourth week of September prices averaged only $1.85 per bushel at Minneapolis.

During the latter half of August prices at Buenos Aires were only 35 cents below Minneapolis prices, but during September prices in Buenos Aires declined more than in Minneapolis and the margin increased to 50 cents the last week of September. The small amount of flaxseed available at the present time in Argentina is largely responsible for the relatively small price spreads between Buenos Aires and Minneapolis.

The October 1 estimate of flaxseed in the United States was 25.2 million bushels compared with 16.8 million bushels last year. The Canadian crop is estimated at 4,847,000 bushels against 2,060,000 bushels last year. The acreage planted to flax in Argentina is estimated at 7,537,000 acres. This is the largest acreage ever planted in Argentina and compares with 7,153,000 acres planted last year and the final estimate of 5,318,000 acres harvested. Unusually dry weather during the growing season last year caused very heavy abandonment of flax acreage. The condition of the crop this year is fair, but moisture conditions are below normal in some areas. With the larger crops in the United States and Canada and the record acreage of flax in Argentina, prospects are that supplies in these countries for the 1930-31 season will be materially larger than last season.

The amount of flaxseed crushed in the United States is determined primarily by the consumption of linseed oil. The demand for linseed oil is affected by both business conditions and building activity especially residential building. The trend of both business activity and residential construction has been downward during the past year and has curtailed the consumption of linseed oil materially. The total crushings of flaxseed for the past season (October 1, 1929 to September 30, 1930) are not yet definitely known, but disappearance of linseed oil during the first three quarters was 24 per cent below a year ago. Should the increase in residential building which occurred during September continue some improvement in the demand for linseed oil may take place, but in view of the

present low rate of business activity and building construction it does not seem likely that the consumption of oil will improve materially in the next few months and little improvement is in prospect before the seasonal rise in residential construction next spring. Crushings of flaxseed have averaged about 43 million bushels annually during the 5 years ending September, 1929. In view of the decreased disappearance of oil the first three quarters of the 1929-30 season it is not likely that crushings during the season will exceed 33 million bushels and unless there is a material improvement in business activity and residential construction during the spring of 1931, there is little prospect that crushings during the 1930-31 season will be materially larger than during the 1929-30 season. Any improvement in the level of either business activity or residential construction over that of the past year will probably result in some increase in linseed oil consumption.

RICE

Rice prices have continued their downward trend during the past few weeks because of poor demand conditions. In the Southern States, however, there has been, during the second week of October, a tendency for prices of Blue Rose and Blue Rose type prolific to strengthen.

Prices of rough rice in the Southern Belt are from 25 to 35 cents per barrel under those of the corresponding period last year because of poor demand for the milled product and also because of the relatively poor milling quality of this year's crop. Heavy rains have damaged considerable Blue Rose rice, thus further reducing the supply of this variety. The poor quality of Early Prolific this year greatly reduced the percentage of that variety that can be mixed with Blue Rose. Therefore supplies of Blue Rose and Blue Rose prolific are relatively small and in spite of poor foreign demand it is expected that prices of Blue Rose will develop strength during the next month. This year's crop in the southern belt is estimated to be 32.3 million bushels as compared with 34 million bushels harvested last year. The supply of milled rice from that area is likely to be shorter than the above comparison of rough indicates because of a smaller milling turnout this year.

Exports for September were 5,278,000 pounds as compared with 7,816,000 pounds for September, 1929, and for the period July 1 to October 4 exports were 30,788,000 pounds this year and 49,292,000 pounds for the corresponding period last year.

California prices which are affected more by foreign conditions than are southern prices have been declining rapidly and are at present in a relatively weak condition. Shipments to Hawaii have been under those of last year and Japanese prices are at the lowest level for the past ten years. Reports indicate an Italian crop of about the size of last year's crop and a Spanish crop 42 per cent above last year. Japan reports a record crop of 67 million koku which with the amount normally imported from the Japanese Colonies will be more than enough to supply Japan's needs, consequently Japanese rice is likely to appear in European markets this year in competition with California rice.

CORN

With the consumption of corn lessened by the substitution of other grains the pressure of declining wheat prices and a general depression of the speculative commodity and stock markets resulted in a decline of corn prices during September. Early in October there was a marked recovery, but this was followed by a further decline which by October 10 had brought prices down to about the low point of September. The corn market, however, has been strong compared with wheat and since the latter part of July cash corn prices have ranged well above wheat prices. Indications are that corn prices may be expected to continue relatively high as compared with wheat, and that the corn market will continue to be very sensitive to the wheat market. While new corn may sell at lower prices than old corn in case of poorer quality, it is expected that because of the small amount of corn to be marketed, the beginning of the new crop movement will not result in any significant decline in cash corn prices.

The United States average farm prices of corn as of September 15 was 91.7 cents per bushel which was 1.7 cents higher than the figure for the previous month. September was the third successive month in which the farm price of corn averaged higher per bushel than that of wheat. Terminal market prices of cash corn averaged lower in September than in August, No. 3 yellow at Chicago averaging 94 cents per bushel compared with 99 cents during August and all classes and grades at five markets averaging 93.2 cents per bushel compared with 98 cents for August. During the month prices declined by about 15 cents per bushel, the average price of No. 3 yellow at Chicago being 100.0 cents per bushel for the week ended September 5 and 85.9 cents for the week ended October 3. Apparently the decline was largely due to the decline of wheat and to the general depression of the speculative markets, though October 1 prospects for corn production were slightly better than September 1 prospects.

Market supplies of corn continue very small, though commercial stocks on October 4 were considerably larger than at the middle of August when they reached the lowest level thus far this season. Commercial stocks on October 4 amounted to 4.9 million bushels compared with 4.7 the week before and 4.3 million a year earlier and 2.8 million as the low point reached August 16.

The outlook for the new crop improved slightly during September and the official October forecast is for a crop of 2,047 million bushels compared with a September forecast of 1,983 million. The change in prospects for the new crop, while of some significance, does not materially alter the general outlook for the market. Total supplies of the three principal feed grains for the year, including farm stocks, the new crop and the visible supply promise to be about 91 million tons which is the smallest on record (comparable data extending back through 1910.) This figure compares with 105 million tons last year and an average of 110 millions for the five years 1925 to 1929. In 1924, the most recent year of a very short corn crop, there were 97 million tons of these three feed grains available, and while poor pastures and short hay crops have caused earlier feeding of grain this year, there are now fewer animals to be fed than in 1924-25.

HOGS

The seasonal decline in hog prices got under way after mid-September and in three weeks the average at Chicago dropped about $1.20 per 100 pounds. Last year during this period the decline amounted to about 60 cents and two years ago

it was $2.00. The seasonal decline is likely to be gradual with the seasonal increase in supplies until the winter low is reached sometime in late November or early December.

A general scarcity of well finished hogs has been noticeable in market receipts recently, but with this exception there have been no indications of early selling of hogs because of feed shortage. Marketings in September and early October were considerably smaller than in the same period of last year but were a little larger than in the corresponding weeks of 1928. Average weights, however, have been dropping off rapidly and have been under those of the same period in the two previous years.

Hog prices at Chicago in September averaged $9.76 as compared with $9.58 in August and $9.85 in September 1929. The weekly average rose from $9.99 during the first week of the month to $10.17 the second week and then turned downward, dropping to $8.96 during the first week of October or below the low point of $9.02 reached last winter. A sharp recovery for a few days was followed by a resumption of the decline in the latter part of the second week of October.

A larger than usual proportion of light hogs and a relative scarcity of well finished butcher hogs in market receipts in recent weeks resulted in heavy hogs at Chicago selling about 10 cents a hundred pounds more than light hogs as compared with a discount of 65 cents in August, and 50 cents in September last year. Average weight at Chicago in September was 244 pounds as compared with 259 pounds in September 1929.

Wholesale prices of fresh pork at New York have fluctuated sharply in response to variations in supply and in weather conditions. An advance in August carried loin prices above the highest levels reached in the summer and fall of 1929, but most of this rise was erased by a decline in early September. Since that time prices of most fresh pork cuts have been below those of the corresponding levels last year.

Cured pork prices at New York during September held steady on some cuts and rose moderately on others. Ham prices failed to make the seasonal rise which usually occurs in the summer and since last May they have been below those of the corresponding weeks in 1929. Bacon prices held slightly below those of a year earlier up until the last week in August and then advanced through September to levels slightly above those of September last year. Picnics and dry salt backs held steady at prices about the same as or slightly lower than those in September 1929. A reduction in lard stocks and prospects for lighter weight slaughter hogs in the next few months resulted in considerable improvement in the lard market, but prices at New York during the first week in October were still slightly below those in that week last year. The monthly average price of refined lard at Chicago, however, reached the highest level since October 1928, and rose from $10.50 in July to $14.25 in September.

Federally inspected slaughter of hogs in September amounting to 2,773,000 head was 10.7 per cent smaller than in September last year, despite the fact that the month had one more slaughtering day than the previous September. Based on a comparable number of days the reduction was about 15 per cent.

Total hog slaughter for the crop marketing year ended September 30 amounted to 45,542,000 head. This was 3,414,000 head, or 7.0 per cent less than during the 1928-29 marketing year. Average weights for the two years were not greatly different. Reduced marketings continued into October and slaughter at nine important centers during the two weeks ending October 10 was 17 per cent below that during the corresponding weeks in 1929.

The relatively low storage supplies of hog products on October 1 were further reduced during the month. Stocks of pork on October 1 amounting to 448 million pounds were 18.8 per cent smaller than on September 1, 25.5 per cent below those of October 1, 1929, and 17.3 per cent smaller than the 5-year October 1 average. Lard stocks were reduced to the lowest October 1 level on record. The total of 60 million pounds was 61 per cent smaller than on October 1, 1929 and 48 per cent smaller than the 5-year average on that date. The reduction in storage stocks of hog products compared with a year ago is equivalent to about 1,544,000 hogs.

August exports of both pork and lard fell off materially, but the total of 73,160,000 pounds amounted to 14.6 per cent of the total dressed weight of pork produced during the month as compared with a 14.9 per cent 5-year August average ratio of exports to production. Fresh and cured pork exports declined 25 per cent and lard exports (including neutral lard) were 12 per cent smaller than in August 1929. Although hog product prices at European markets have strengthened recently little improvement in the foreign outlet for American pork and lard is expected within the next few months as European hog production is on the upswing of the production cycle.

Feed supplies and demand conditions are the dominating factors in the present hog situation, with one partially offsetting the influence of the other. Scarcity of feed is being reflected in the lighter weights at which hogs are going to market and will be a factor in curtailing the total volume of pork products available for consumption. It also is expected to have considerable effect on the seasonal distribution of marketings. Supplies during the next few weeks are not expected to be greatly different from those of a year earlier, but it is not unlikely that the number of hogs marketed from mid-November to early January will be somewhat larger than in that period last winter. Although average weights will be considerably lighter. Demand conditions, however, are expected to be less favorable than last winter.

CATTLE

The cattle market, in general, was fairly steady during most of September. The average weekly prices of beef steers at Chicago showed little change with a tendency for the two lower grades to advance somewhat. The last days of the month, however, brought a sharp drop in the prices of heavy finished steers, with declines amounting to over $1.00 on some kinds. Well finished yearlings, however, continued fairly strong and during the second week in October the top was the highest since June. The spread between prices of choice light weight and heavy weight steers thus became the widest of the year. About the middle of the month butcher cattle prices weakened somewhat and made little recovery by mid-October. Prices of stockers and feeders steers held the advance made during August and early in October showed some evidence of strengthening.

Compared with September, 1929, choice good beef steer prices this September were about $4.00 lower, good grade $3.25 lower, medium grade $3.00 lower and common grade $2.50 lower. Stocker and feeder steers were about $3.20 lower. With the average price of all beef steers around $3.00 lower in September this year than last, the ratio between beef steers prices and stocker and feeder prices is higher than a year ago, indicating a relatively weaker demand for unfinished cattle this year compared with last, than with beef cattle. This weak demand is also shown by the greatly reduced movement of stockers and feeders for the past 3 months compared to a year earlier.

Supplies of cattle during September were moderate. While receipts at 7 markets were 6 per cent and 7 per cent smaller respectively than September 1929 and the 5-year September average, inspected slaughter was 1 per cent larger than September 1929, but 9 per cent smaller than the 5-year September average. Supplies of well finished cattle at Chicago were relatively large. The number of choice steers was nearly 4 times as large as in September, 1929 and the largest for the month in at least 9 years. The number of good beef steers, however, was much below September last year. The combined total of these better grades was almost as large as in September last year which was the largest for the past 9 years. This large supply of choice steers, which included a large number of heavy-weights, accounts for the wide price differential between light and heavy-weights. To a considerable extent this large supply of choice cattle was due to the holding back in hope of price improvement of cattle that normally would have been marketed 60 to 90 days earlier.

The small movement of unfinished cattle into the Corn Belt since July 1 this year points to a material reduction in cattle feeding during the next six months from a year earlier. This reduction will probably begin to be reflected in market supplies in December of this year. During October and November cattle marketings will probably not be much different from last year, but slaughter will be larger. Some further price improvement in better grade beef steers seems likely during the next two months, but price changes with other cattle are expected to be small.

BUTTER

There was a moderate advance in the price of 92 score butter at New York City from August to September. The net movement of butter out of storage has been heavy, due primarily to the decrease in production, because of the drought, and favorable prices for storage operations. Storage stocks, however, are still relatively large. [illegible]

During September the price of 92 score butter at New York averaged 39.8 cents per pound, or 0.9 cents more than in August. This increase was small when compared with the average August to September change. The September price was 6.4 cents or 14 per cent less than a year ago. The farm price of butter rose from 35.7 cents on August 15 to 38.4 cents September 15. There was a similar increase in the farm price of butterfat.

The drought has caused a marked reduction in production. Estimated production of creamery butter during August of 133.6 million pounds was 12.2 per cent less than a year ago. Production in July was 11.7 per cent less than in the preceding July. During the first eight months of 1930 the production of creamery butter was 5.2 per cent less than in 1929. Reports of cooperatives and trade associations indicate that production during September was not as much below the corresponding month of 1929 as in July and August. Production during each of the last four months of 1929 was the largest on record for that month. During the remainder of 1930 production will probably continue to be less than in 1929.

Movement of butter into consumptive channels during August and for the first eight months of 1930 was practically the same as a year ago. Retail prices of butter in American cities, as reported by the Bureau of Labor Statistics, during the first eight months of 1930 averaged 17.2 per cent less than a year previous. With decidedly lower retail prices the movement of butter into retail channels has been about the same as last year.

During September net receipts of butter at the four principal markets were about eight per cent less than a year ago. August receipts were 19 per cent less than in the preceding year.

Cold storage holdings of butter on October first were 130.8 million pounds, about 18 per cent less than a year ago and three per cent less than the five-year average. On July 1 the holdings of creamery butter were the largest on record for that date. The decrease in production because of the drought caused the out-of-storage movement to begin earlier and to be in larger volume than usual.

The September price of butter (92 score at New York City) was 5.7 cents more than the average price during the heavy into-storage period (May to July). This margin of 5.7 cents in September was the most favorable for storage operations for any month since November 1928. Last season the price during the out-of-storage period (September 1929 to April 1930) averaged 1.8 cents less than during the into-storage period. In view of the favorable spread between present prices and prices when butter went into storage, it seems probable that there will continue to be a large out-of-storage movement even at present prices. This will be partly offset by lower production, but the seasonal advance in price is likely to be less than usual.

CHEESE

Cheese prices at the Wisconsin Cheese Exchange made somewhat more than the usual seasonal rise from August to September, but prices in the Central markets advanced slightly less than last season. While production of cheese has been low and is likely to continue below last year, storage stocks on October 1 were larger than average for that date.

During September the price of Twins on the Wisconsin Exchange averaged 17.2 cents per pound or 1.2 cents more than the August price. Prices of fresh American cheeses (single daisies) at Chicago at 18.6 cents per pound were only 0.7 cents more than in August. For the five years 1925-1929 the September price on both Wisconsin Cheese Exchange and at Chicago has averaged 0.8 cents more than the August price. The price of Twins during August was 3.6 cents or 17 per cent less than a year ago and the lowest for any August during the post-war period. A marked advance in prices at the Wisconsin Cheese Exchange in comparison with the Central market prices from August to September has reduced the margins between these two prices.

During August there was a large movement of milk from the cheese producing area into drought areas which caused a marked curtailment in cheese production. Estimated production during August 1930 was 41.1 million pounds, 13.8 per cent less than in August 1929, and 6.7 per cent less than the average August production for the 5-years 1925 to 1929. Even with the curtailment in production during July and August, the production for the first eight months of 1930 was estimated to be 4.4 per cent larger than in the same months of 1929. It is quite probable that production during the last four months of 1930 will be less than for the same months in 1929.

The movement of cheese into consumptive channels during the eight months January to August 1930 was two per cent greater than during the same months of 1929. The retail price of cheese in American cities, as reported by the Bureau of Labor Statistics, during the first eight months of 1930 averaged 6.2 per cent less than during the same period of the preceding year. The decrease in the retail price has been associated with only a small increase in the movement of cheese into consumptive channels.

Cold storage holdings of American Cheese October 1 were 85.1 million pounds, practically the same as a year ago, but about 9 per cent greater than the October average for the five preceding years. The movement out of storage during September was relatively large. The past two seasons have been relatively unprofitable for storage operations. However, the spread between the price of American cheese during the storage period (May to August) and the price during September was more favorable for storage operations than for any month since February 1928.

Even though prospects are for relatively smaller production of cheese during the remainder of 1930, it is not probable that any marked increase in cheese prices will occur until storage stocks are further reduced.

EGGS

Heavy receipts together with exceptionally large storage stocks prevented the usual seasonal rise of egg prices in September. The prices of best grades of fresh eggs will probably make about the usual seasonal advance until the peak of the season is reached, but in view of the large storage reserves and weaker demand situation, prices of poor grades of fresh eggs and refrigerator eggs may not make as much of a seasonal advance as usual.

The trend of prices of the better grades of eggs at New York was downward during September, contrary to the usual upward seasonal movement, the decline being about 3 cents from the prices on September 1. Prices of fresh eggs however, resumed their upward trend toward the end of the month and continued to advance during the first week of October. The average price of fresh extras during September was 30.5 cents, about .1 of a cent above that of August, while the average advance for the last 5 years has been 6.0 cents. The price in September 1929 was 43.4 cents. Fresh firsts averaged 25.3 cents, .8 of a cent more than in August as compared to a 5-year average change of 3.9 cents. Refrigerator firsts averaged 25.1 cents. Both of these latter grades averaged about 11 cents below a year ago. Last year average prices in December, usually the month of highest prices, were 58 cents for fresh extras, 51 cents for fresh firsts and 40 cents for refrigerator firsts.

Receipts of eggs at the four principal markets during September were unusually heavy, being 902,000 cases as compared to 895,000 cases a year ago and a 5-year average of 877,000 cases. This is 23,000 cases more than in August, an exceptional occurrence, as receipts are generally less in September, the difference averaging 145,000 cases over the last 5 years. In early October, receipts fell slightly below those of a year ago.

As a result of these large quantities of fresh eggs, storage stocks are not being reduced as rapidly as a year ago. Storage holdings of case eggs on October 1 were 9,169,000 cases as compared to 7,195,000 cases a year ago and a 5-year average of 8,071,000 cases. The net out of storage movement during September was 1,206,000 cases as compared to 1,352,000 cases a year ago and a 5-year average of 1,446,000 cases. Stocks of frozen eggs, largely used by bakers and confectioners, are also large, being 31 per cent more than a year ago equivalent to 712,000 cases more.

POULTRY

The farm price of chickens on September 15 was 17.3 cents, a rise of half a cent over a month before. The price a year ago was 22.4 cents. This rather unusual advance is largely a reaction from the extremely low prices of July and August when drought conditions tended to increase sales of birds and to impair the quality of shipped poultry. Though receipts during the rest of the year are not likely to be as great as a year ago, they will probably be somewhat above average. Much of this supply is stored at this time to go into consumptive channels in the spring. In view of the poor demand on the part of storage operators, as indicated by the relatively small into-storage movement, material price advances are not likely but it is likely that prices will remain steady for the remainder of the year. The lower prices this fall have resulted in some increase in consumption over a year ago.

Receipts of dressed poultry at the four markets during September were 24.5 million pounds as compared with 27.9 million pounds a year ago and a 5-year average of 23.7 million pounds. The period of heavy receipts of dressed poultry is from September to January inclusive. A year ago receipts for these months totaled 245.0 million pounds while the 5-year average is 219.0 million pounds. With approximately as many chickens on farms this summer as a year ago, drought losses and feeding to lighter weight may result in smaller receipts this winter than a year ago, but will probably not reduce them below average.

Cold storage holdings of frozen poultry on October 1 were 46.9 million pounds as compared to 62.0 million pounds a year ago and a 5-year average of 47.6 million pounds. The demand for storage this year is poor since storage operators suffered losses this past season when they stored heavily at high prices. Evidence of this is shown by the lower rate of accumulation of stocks especially when the low price is considered.

LAMBS

Lamb prices continued to decline during September and at the end of the month fat lamb prices at Chicago, with the top at $7.90, reached the lowest point since 1914. The average September price of lambs was also probably the lowest for any month since 1914. Some recovery in prices took place during early October to a level about the same as at the beginning of September. While feeder lamb prices also weakened during September they did not decline as much as did fat lamb prices and did not reach the low level of early August. The spread between fat and feeder lamb prices, which had been unusually wide for several months, narrowed considerably.

The prices of sheep, both for slaughter and stocker purposes, also declined during September, reaching the low level of early July which was the lowest point in many years.

Supplies of lambs during September continued very large. The receipts at 7 leading markets were about 19 per cent larger than in September 1929. Inspected slaughter was 21 per cent above September 1929 and 30 per cent above the 5-year average September slaughter and the second largest for any month on record being 1,570,000 compared with the record of 1,723,000 in October 1912.

Shipments of feeding lambs into the Corn Belt States, inspected through markets, for the three months July to September, were 23 per cent smaller than for the period last year. Few feeding lambs have been contracted as yet for Colorado and western Nebraska and feeding in these areas will be on a considerably reduced scale. Large increases in the area west of the Continental divide are expected. Efforts are also being made to move large numbers of feeding lambs direct to feeders in the Corn Belt to be fed on contract.

Market supplies and slaughter may continue to run large for at least two months more, but supplies during the fed lamb marketing season, especially after February, are expected to be considerably below a year earlier.

WOOL

Prices on practically all domestic wools remained unchanged during September in the face of a decided weakness in prices at the London Wool Sales and apparent large market stocks of domestic wool. Trade became less active, however, and prices had declined slightly by October 11. The market on foreign wools continues slow and prices of Australian wools weakened in sympathy with the downward trend of prices abroad.

Boston prices for Ohio and similar grease, strictly combing wools declined to 31 cents per pound for 64s, 70s, 80s (fine) and 56s (3/8 blood) to $29\frac{1}{2}$ cents or 1/4 cent and 1/2 cent respectively. Prices of fine and 1/2 blood strictly combing Territory wools increased 1/2 to 1 cent per pound during September but declined the second week of October and were quoted on a scoured basis at 76 cents and 70 cents per pound respectively the second week of October. Some other Territory wools showed a slightly weaker tendency the second week of October but most wools remained unchanged.

In contrast to the firmness in domestic quotations through September, prices at the recent sales in London and foreign primary markets show important declines. The September average for 70s at London was 48.7 cents per pound or 27.5 cents per pound below the Boston average and further declines were reported in London quotations during the last week of the sales which ended October 7.

Quotations on tops at Bradford declined 2 to 6 cents per pound between September 12 and October 10 in response to continued depression and lower wool prices, and yarn quotations declined 3 to 10 cents per pound. Buyers are reported to be active at the new sales in primary markets, but prices are below those at the close of the sales held in July.

The decline in receipts of domestic wool at Boston during September was somewhat more than seasonal, wools having been received in larger volume during the early part of the season. Receipts for September were only 3,292,000 pounds compared with 16,233,000 pounds in September 1929, but total receipts from January 1 to September 30 were 44 million pounds above those for the same period last season and 35 million pounds above September 1928. Imports of wool declined during September and total imports of combing and clothing wool so far this year have been about 30 per cent below those for the same months last year. Stocks of foreign wools in bonded warehouses at Boston have been low and were further reduced in September.

Consumption of wool during August 1930 was below that of July although the normal seasonal trend in August is upward. This offsets the increase in consumption which occurred in July. Total consumption of combing and clothing wool for the first eight months of 1930 was 19 per cent below the same period last year and 8 per cent below that of 1928.

No change is reported in the outlook for the coming world clip which (exclusive of Russia and China)is expected to be little different from that of last year. The heavy stocks in primary markets at the beginning of 1930 were practically cleared at the opening of the new season, but conditions in consuming countries are somewhat varied. Stocks of foreign and colonial wool in London on September 1 were about 15 per cent or 67 million pounds above those of September 1, 1929. Stocks of tops in continental combing establishments were about 40 per cent or 20 million pounds below those of September 1, 1929, but stocks of tops, do not indicate the amount of grease wool in the hands of combers.

COTTON

Cotton prices during the past month again declined. Exports from the United States this season are running above last season, though in part this may be due to an earlier crop. Domestic consumption of raw cotton increased more than seasonally in September but is still low. The production of cotton cloth also increased during September but this increase was less than seasonal. Sales, shipments, and unfilled orders of standard cotton cloths all showed an increase during September over August, while stocks decreased 11.4 per cent and at the end of September were the lowest since the end of October last year. Textile activity in most foreign countries continued at low levels, but there was some slight improvement in Poland, France, Japan and China.

Cotton prices in the ten markets declined rather steadily during most of September and the average of middling 7/8 on September 29 reached the lowest point of the season at 9.41 cents per pound. The monthly average for September was 10.15 cents. Both of these averages are the lowest since September 1915. Prices improved the first week of October, but on October 7 they again dropped and were within one point of the low reached on September 29. Since then there has been a slight improvement with the average of the ten markets on October 11 at 9.65 cents per pound. The September average of 10.15 cents compares with the average for August of

10.63 cents and for September 1929 of 18.01 cents per pound. The average farm price on September 15 was 9.9 cents, 1.5 cents below August and 8.3 cents below September last year and was the lowest since July 1921 when the average farm price was 9.7 cents.

The October forecast of the cotton crop was 14,486,000 bales. This was 146,000 bales or 1 per cent above the forecast of a month ago and approximately 342,000 bales below production last year. Crop prospects during September declined in Texas, Mississippi, Tennessee and Virginia, but this was more than offset by increases in other States, particularly Georgia, North Carolina and Alabama. With the world stocks of American cotton at the beginning of the season approximately 1.8 million bales larger than at the beginning of the season last year, the present prospects are for a total supply for the 1930-31 season close to 1.5 million bales more than in the 1929-30 season.

Exports of raw cotton during September amounted to 903,000 running bales an increase of 537,000 bales over August and 177,000 bales over September 1929, according to the Bureau of the Census. The total exports for August and September this season amounted to 1,269,000 bales compared with 952,000 bales last season. Part of this increase in exports, however, may be due to the fact that the crop was earlier this year than last. Ginnings from August 1 to September 30, 1930 were 6,305,000 bales compared with 5,903,000 bales ginned during the same period last year. Exports to Italy and some of the smaller European countries during the first two months this season were below last year. Exports to France, Germany, Japan and the United Kingdom, however, were above a year ago.

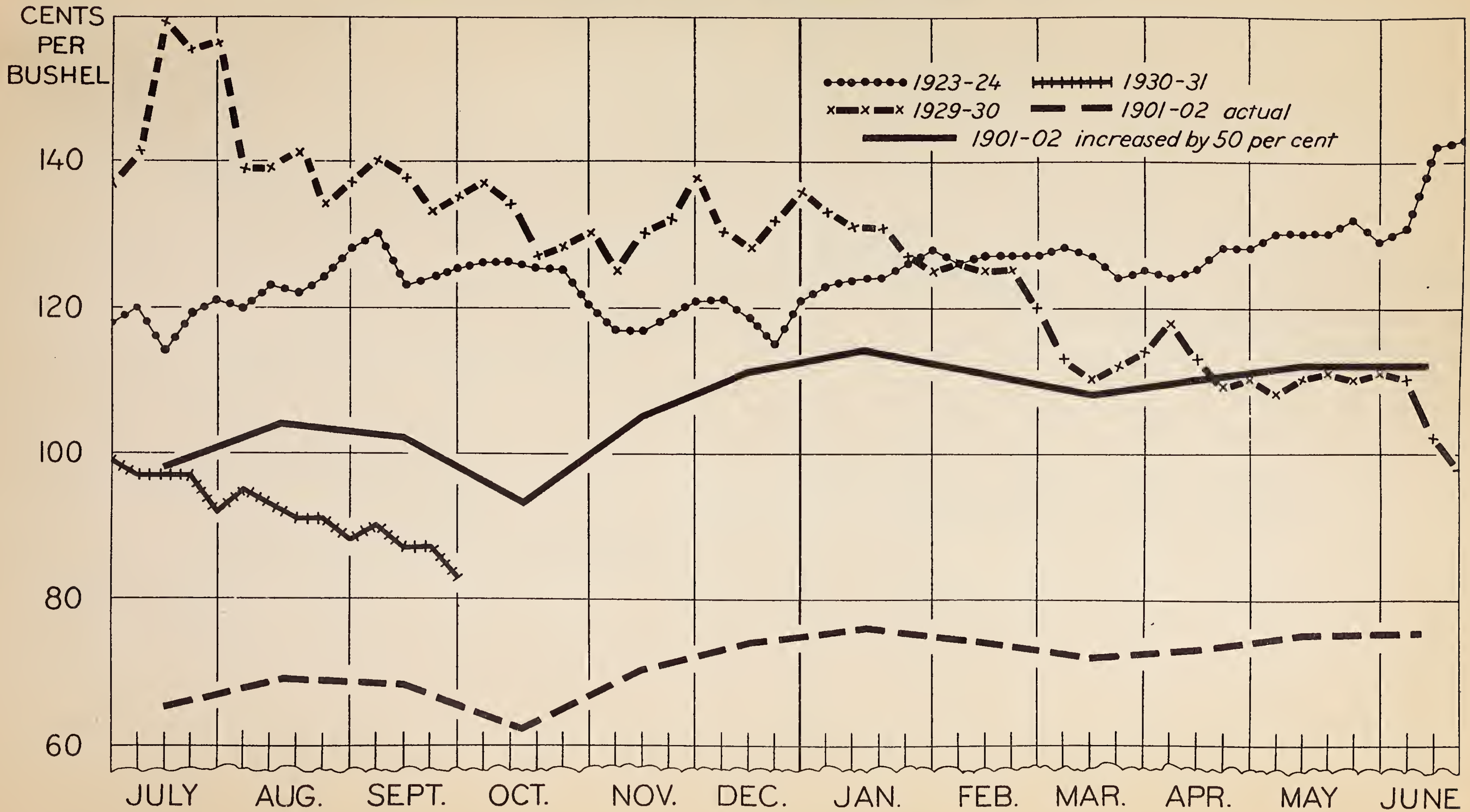
Exports of cotton piece goods from Great Britain amounted to 142.7 million square yards compared with 168.0 million square yards during August and 237.5 million square yards during September last year. This was 2.9 million square yards below the previous post-war low made in May 1921. Exports of cotton yarns from Great Britain during September totaled 9.1 million pounds, 1.1 million pounds below August and 1.1 million pounds below September 1929, and were the lowest since July 1921.

Domestic consumption of raw cotton during September amounted to 394,000 running bales compared with 352,000 bales during August and 546,000 bales during September 1929, according to the Bureau of the Census. The increase in consumption from August to September this year was more than the average increase. Stocks of raw cotton in consuming establishments in the United States on September 30, 1930 amounted to 968,000 bales compared with 791,000 bales on September 30, 1929. Stocks in public storage and at compresses were given as 5,248,000 bales at the end of September compared with 3,209,000 bales a year earlier. Stocks of American cotton in European ports on October 10 amounted to 692,000 bales compared with 551,000 bales the corresponding date a year ago.

The weekly average production of standard cotton cloth for September amounted to 45.6 million yards which was an increase of 1.8 million yards over the weekly average during August, according to the Association of Cotton Textile Merchants of New York. The weekly average sales increased 25.9 million yards over August and shipments increased 11.9 million yards. During both 1928 and 1929 there was considerable increase in production, sales and shipments during September as compared with August which would indicate that the increase during the past month was partly seasonal. Production is still curtailed and this resulted in the ratio of sales to production during September of 160.1 per cent, which was the largest since October 1928. The ratio of shipments to production was 127.7 per cent, the largest on record, comparable data extending back as far as October 1927. The low production also resulted in a decrease in stocks during September of more than 50.0 million yards or 11.4 per cent. This reduction is the largest recorded in any month since these statistics have been compiled. Unfilled orders increased 26.1 per cent during September and are now the largest since April.

Recent reports indicate that the recession in the cotton textile industry which is more or less general throughout foreign countries, continued through August and into September. Conditions in Poland, however, are reported improved, with the rate of cotton consumption in September about 25 per cent higher than two months earlier. The outlook in France has been somewhat improved recently by the termination of the textile strikes as well as a revival of demand for cotton goods from the French colonies. Conditions in the Orient were reported somewhat improved during the last of September which of course improved the outlook for export trade of Great Britain and Japan. Smaller stocks of yarn and cloth which were reported for some countries is another favorable factor.

WHEAT: PRICE OF NO. 1 DARK NORTHERN SPRING AT MINNEAPOLIS, 1901-02*, 1923-24, 1929-30, AND 1930-31



*PRICES FOR 1901-02 ARE OF NO. 1 NORTHERN SPRING

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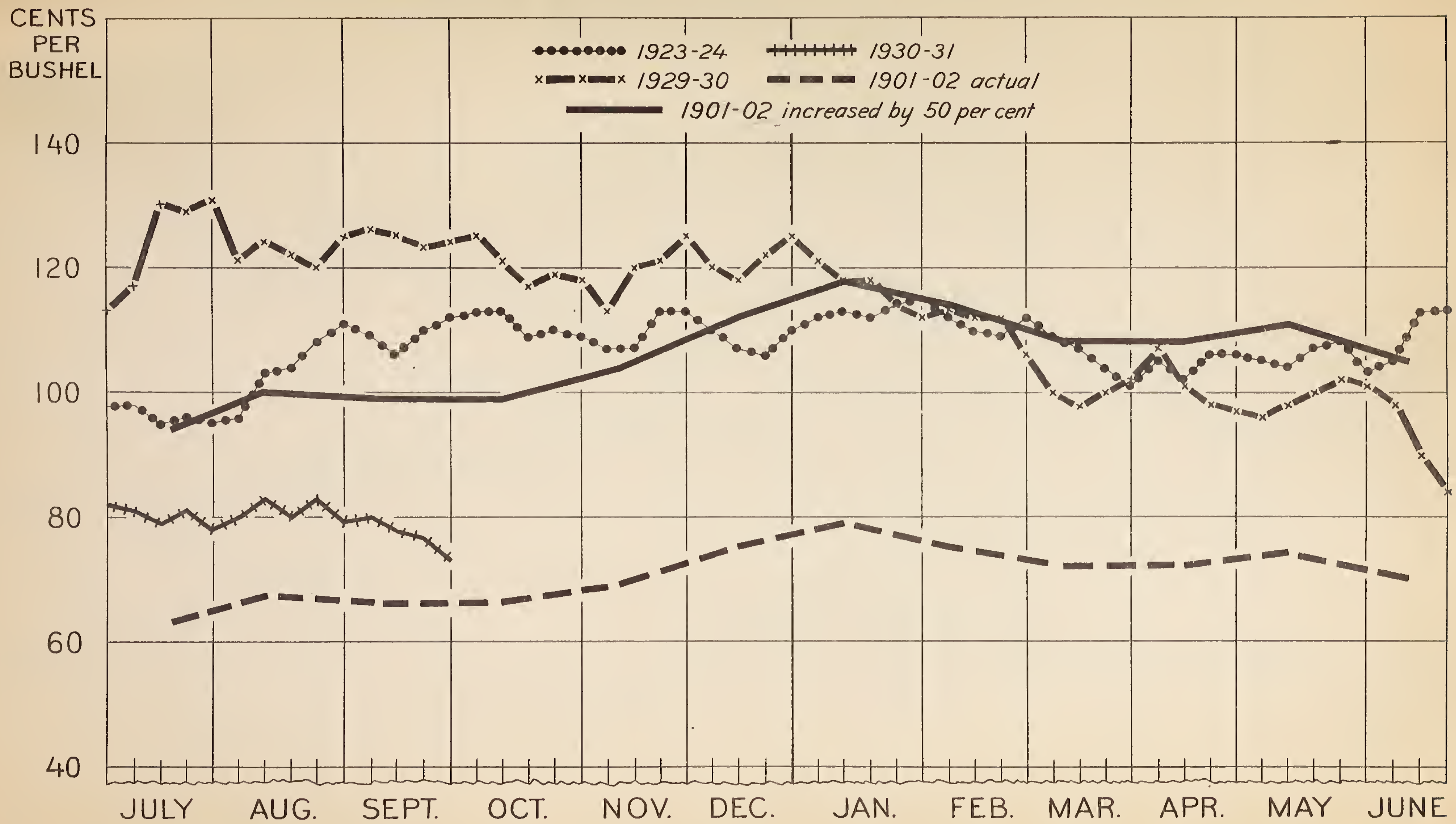
WHEAT: PRICE OF NO. 2 HARD WINTER AT KANSAS CITY, 1901-02, 1923-24, 1929-30, AND 1930-31



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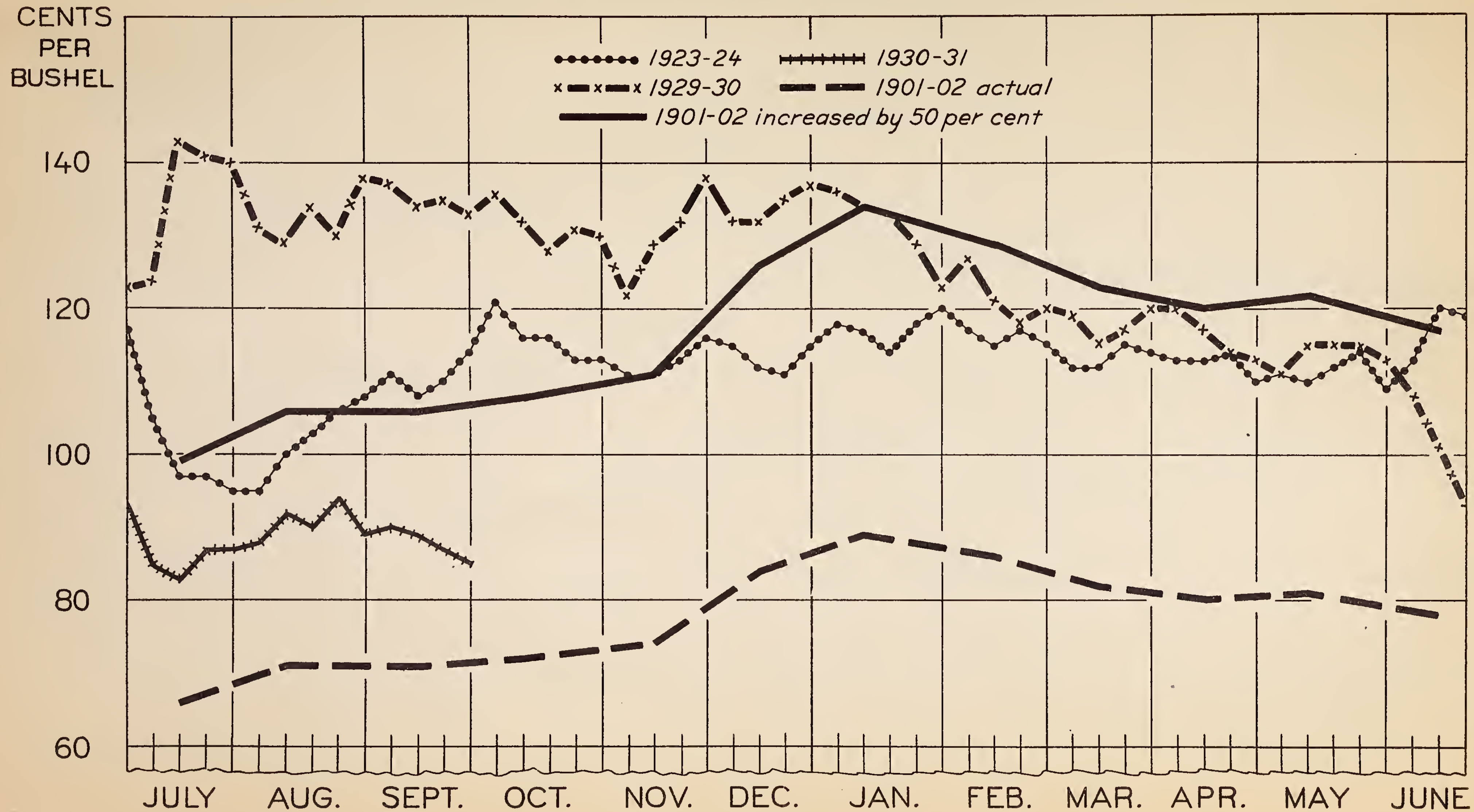
WHEAT: PRICE OF NO. 2 RED WINTER AT ST. LOUIS 1901-02, 1923-24, 1929-30, AND 1930-31



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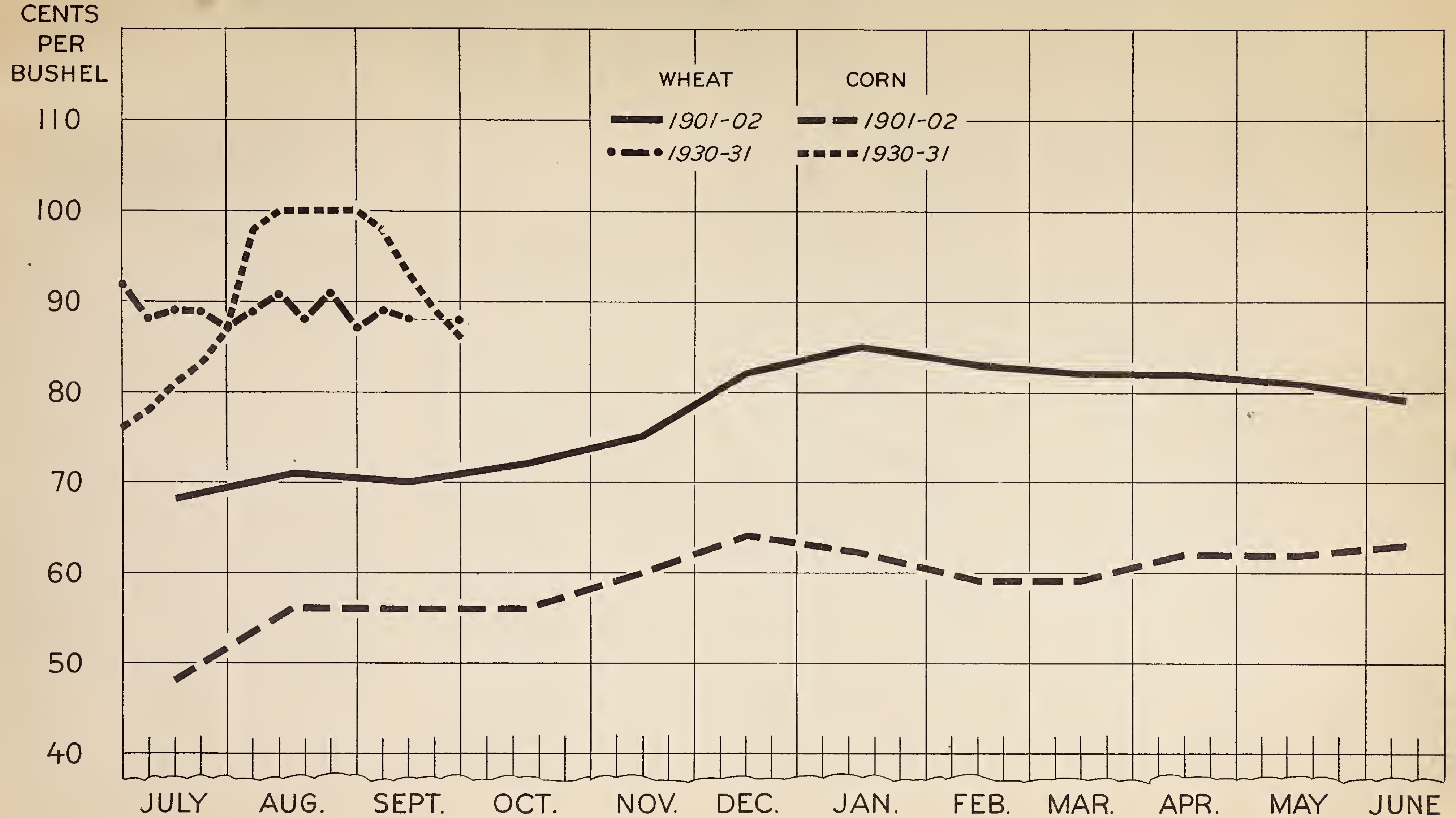
PRICE OF NO. 2 RED WINTER WHEAT AND NO. 3 YELLOW CORN AT CHICAGO, 1901-02 AND 1930-31



U.S. DEPARTMENT OF AGRICULTURE

BUREAU OF AGRICULTURAL ECONOMICS

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

October 31, 1930

THE POTATO PRICE SITUATION *

Potato prices are now lower than those which have prevailed in earlier years of comparable supply and demand conditions. Should the potato markets adjust themselves more nearly in line with previous experience growers are likely to receive better prices later in the season.

Prices received by growers averaged $1.10 per bushel on September 15. This was 1 cent higher than the price received on August 15, but 25 cents below the price received a year ago. At New York prices averaged around $2.00 per hundred pounds or 40 cents higher than in August, but $1.00 below last year's level. Chicago prices at $2.25 for September were also about 40 cents higher than in August and 40 cents lower than in September last year. Most of these price advances have in the past three weeks given way to considerable declines. Prices in the Far Western States have suffered relatively greater declines because of the more favorable crop situation there as compared with that of the North Central States.

The lower level of prices at the present time compared with those of a year ago, reflects the great reduction in food prices in general and in the buying power of consumers. Market supplies of potatoes have in fact been below those of a year ago, as is indicated by carlot shipments so far this season (to October 11) from the nineteen late surplus States of 44,000 cars compared with 51,000 last season, (to October 12). Crop prospects are also below those of a year ago. According to conditions as of October 1, which showed some improvement over those of September 1, there is in prospect a crop of 315 million bushels in the thirty five late producing States compared with the small crop of 325 million bushels last year and 299 million bushels in 1919, the smallest late crop in the past twelve years.

Maine, Pennsylvania, Ohio, Minnesota show the greatest reductions from last year's crop, while New York, New Jersey and Idaho show the greatest increases. Last year Maine had a record crop; this year the record crop is in Idaho.

In appraising the probable course of prices during the season it is necessary to bear in mind that (1) the final estimate of the crop may be somewhat different from the October estimate. In the years of comparably small crops, 1919, 1921, 1926 and 1929, the final estimates were between 1 and 12 million bushels greater. (2) The buying power of consumers will depend on the course taken by general business.

Although it is not expected that business conditions will show further recessions such as those of the past few months, no material recovery is in prospect in the immediate future. (3) Prices are now lower than those which prevailed in other seasons of comparable light supplies even after taking into account the generally lower level of food prices due to the business depression.

The probable level of prices by the first of next year may be judged by relating January potato prices (adjusted for changes in food prices) to the size of the late crop and the stocks on hand on January 1. Last year, when the supply was only 10 million bushels greater than this year's supply, the average farm price in January was $1.23 compared with less than $1.10 per bushel at the present time. At Chicago, the January price averaged $1.51 per bushel compared with about $1.00 per bushel on October 15 and at New York the price last January was about $1.70

(over)

*Special Supplement to "The Price Situation".

per bushel compared with $1.11 on October 15, this year. It may therefore be expected that the general average of farm prices should advance at least 25-30 cents per bushel by next January and that considerably higher prices should prevail at New York. Ordinarily considerably higher prices could also be expected at Chicago, partly because of a general advance in potato prices and partly because of the unusual shortage in the North Central surplus producing States, but the record crop in Idaho and the larger crops in the other far western States may have some influence on the price advance at Chicago.

The course of prices after January cannot be readily indicated at the present time for it will depend to a large extent on the stocks of late crop potatoes remaining on farms and on the supply of new crop potatoes that will become available in the Southern early producing States. It may, however, be noted that in the three seasons of light supplies, 1925, 1926 and 1929, prices toward the end of the late crop season (in April and May) were higher than in January.

(The following Table gives in the first column the annual crops in the 35 late States arranged in the order of size, together with the October estimate for 1930 which shows it to be next to the smallest crop since 1921. The second column shows the January 1 merchantable stocks on farms, and the other columns contain the January prices at three central markets together with United States average prices received by growers on January 15.)

Potatoes: Production and January 1 stocks in 35 late States and January farm and market prices

Season	Production 35 late States	Merchantable stocks Jan. 1	Jan. prices of potatoes 1/ cents per bushel: United States farm price	Chicago 2/	Boston 2/	New York 2/
	Million bushels	Million bushels	Cents	Cents	Cents	Cents
1925-26	298	69	183	203	232	230
1930-31	315(Oct.1)	-	-	-	-	-
1929-30	325	84	123	151	149	170
1926-27	326	84	122	134	146	147
1921-22	338	90	114	121	142	143
1927-28	371	100	81	85	104	117
1923-24	389	111	80	88	108	110
1924-25	392	118	60	75	66	75
1928-29	423	131	51	68	65	78
1922-23	424	133	57	56	79	76

1/ Adjusted to current level of food prices (taken as 85 per cent of the 1926 level.

2/ Prices per 100 pounds multiplied by .6.

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

For release November 15, 1930

THE PRICE SITUATION, NOVEMBER 1930

FARM PRICES

The index of farm prices at 106 on October 15 was 5 points below that of September 15, 34 points below October 15 last year and was the lowest for any month since February, 1916. Prices of practically all commodities excepting hay, veal calves and eggs, shared in the general decline from September 15 to October 15 and these commodities made only slight advances. Fruits and vegetables were 22 points below a month earlier, grains were 8 points lower and cotton and cottonseed declined 7 points.

Up to November 12 prices of several farm commodities had made additional declines at the central markets. All grain prices have continued downward since the middle of October. Potato prices have also made slight declines, butter prices have weakened somewhat and hog prices have made their usual seasonal decline. These declines are partially offset by seasonal advances in prices for eggs and apples and slight advances in cattle, lambs and cotton. These advances, however, are probably not enough to offset the declines in other commodities and the level of farm prices probably will register a further decline on November 15.

THE GENERAL COMMODITY PRICE LEVEL

After declining steadily from August, 1929 to July, 1930, the index of wholesale commodity prices has shown signs of stability during the past three months. On July 29 the Annalist Index was 120.8. The price level then advanced to 124.8 for September 9, declined to 120.9 for September 30 and has since fluctuated between 120.3 and 122. The index of prices on October 28 was 121.9, but weakness in farm product prices and a sharp cut in crude petroleum prices during the week ended November 3 reduced the index to a new low level of 120.3.

During the past three months the trend of prices for the different commodity groups has varied materially. The index of farm product prices has been irregular, advancing from 109.4 on July 29 to 118.2 on September 9 then declining to 110.6 on September 30. Since then prices have fluctuated within a more narrow range and on November 3 the index was about 1 per cent above July 29. Wholesale food prices have tended upward and on November 3 were 5.4 per cent higher than at the end of July. During the same period prices of most non-agricultural products have continued to decline. From July 29 to November 3 building material prices declined 8.1 per cent, textile declined 5.6 per cent, fuels 4.6 per cent, metals 3.5 per cent, miscellaneous 2.3 per cent and chemicals declined 1.1 per cent. The relative stability of the level of agricultural products prices as well as the prices of some other raw materials and the advancing food prices indicates that the level of wholesale prices is

becoming more stable; in fact, all groups except farm products and fuels have made only fractional changes during the past month.

Prices in foreign countries have also shown more stability during the past month. In Germany the trend of prices was slightly upward durint the two weeks ended November 8, and prices in England have shown little change since the first of October. In Italy prices declined only slightly during October and prices in France have continued to move irregularly toward lower levels.

BUSINESS CONDITIONS

No definite evidences have yet developed to indicate the beginnings of an upturn in general business, but there are evidences of a tendency toward stability in the general price level and in some lines of business. Trade in general did not show the usual advances and business activity including manufacturing, rail transportation and electric power consumption averaged lower during October than during September. The situation is further beclouded by the considerable declines in speculative markets which has had a depressing effect on business and caused weakness in the prices of several agricultural prices. Further recessions in foreign business have also had an adverse affect on the demand for farm products. There is thus, little to warrant the expectation that either domestic or foreign demand for farm products will show any material improvement during the remainder of 1930. Should some improvement in industrial activity occur early in 1931 farmers might be justified in expecting better market conditions to prevail in the spring months than those of the winter months immediately ahead.

The decline in domestic business activity which began in the summer of 1929 has been fairly continuous to the very low levels of September and October. Industrial production has been reduced approximately 30 per cent from the high point of June 1929; factory employment (as of September 15) has been cut 18 per cent and factory payrolls 25 per cent below the high point reached in September last year. In addition there has been a great reduction in building activity, particularly in residential construction. These great reductions in industrial demand and in the money incomes of consumers have greatly affected the prices of farm products, with the result that prices have fallen much lower than would ordinarily be justified by supply conditions.

That business activity is now probably near the low point for the present depression and that some improvement in the demand for farm products marketed in 1931 is likely as suggested by the following considerations: (1) Industrial activity has already fallen about as much as in former periods of major depressions and the decline (now about 16 months) has been of approximately the same duration as the declines in other major depressions; (2) Central market money rates are low; (3) The decline in commodity prices which has accompanied the decline in business has been of unusual proportions, and the low levels of raw-material prices may be expected to stimulate activity among consumers of those raw materials.

While the comparison with previous major business depressions suggests strongly the probability that this one will also be followed by improvement in the near future, it is necessary to bear in mind several important

features which might lead to further delay in the generally expected recovery. The business situation abroad has shown but few signs of recovery and commodity prices abroad have not yet become definitely stabilized. The present low level of farm prices and the reduced production due to the drought has reduced the incomes of farmers to the lowest point since 1921. Such a great reduction in farm income can not but retard the improvement in many businesses. However, there have been instances when business improved in the United States before any marked improvement was shown in other countries and also in the face of greatly reduced farm incomes. A balancing of these considerations favors the conclusion that domestic business conditions may be expected to improve in 1931, and that the improvement by the end of 1931 or the first part of 1932 may be substantial.

The trend in industrial activity abroad has in a general way followed a downward course similar to that in the United States. The economic depression is world-wide and definite signs of immediate recovery abroad are for the most part lacking. Unemployment continues to mount in most European countries and practically all major industries are operating much below capacity. It seems probable, however, that the declining money rates in European countries and the low prices prevailing on raw materials will before long make themselves felt in the European industrial situation. In the Orient some signs of recovery have already appeared. In China the exchange rate has shown an upward tendency in recent months and the more stable political situation is an additional favorable factor. Industrial conditions in Japan, as in Europe, are depressed but a sustained improvement in the Chinese economic and political situation would undoubtedly react favorably upon Japan.

WHEAT

Wheat prices have reached a low level and some improvement is likely as business conditions become more stable and the general price level turns upward. During the past month prices have continued to decline under the pressure of heavy marketings from Canada and Russia and the prospects of good crops in the Southern Hemisphere, together with a further decline in stock market prices and in business activity. The favorable factors in the outlook are the early beginning of the decline in the visible supply of wheat in the United States, indications of the heavy feeding of wheat in the United States, the prospect of checking the movement from Canada by the freezing up of the lakes within a few weeks, the small supplies of old wheat remaining in the Southern Hemisphere, and the fact that the declining phase of the financial and business depression has already continued about as long as is usual for even major business depressions. On the other hand, the prospect of continuing exports from Russia and large supplies of new wheat to be harvested during the next few weeks in the Southern Hemisphere, together with the depressed business and financial conditions that are likely to continue to exist for some time in many countries, will tend to check any marked advances.

The farm price of wheat declined from an average of 70.3 cents in September to 65.6 as of the middle of October. Market prices have continued downward. After some improvement about the middle of October by which the average of all classes and grades at six markets reached 77 cents for the week ended October 24, prices again turned downward and averaged only 71 cents in the first week of November. December futures at Chicago declined from 81

cents October 23 to 70 cents November 10. This drop was about equal to the decline which took place in the first two weeks of November a year ago. The prices of all classes of wheat have been reduced. Red winter wheat, however, continues on a higher level than other classes of wheat, due in large part to the heavier feeding demand in the areas in which this class of wheat is produced.

The exports of wheat from the United States continue on a higher level than a year ago, the total exports of wheat, including flour in terms of wheat amounting to 72 million bushels July 1 to October 31, in comparison with 65 million bushels exported in the corresponding period of the past season. In the past few weeks the exports have been slowed up to some extent as margins between the futures of Liverpool and the markets of the United States have become so narrow at times as to have a tendency to check the export movement from this country. The United States is now shipping wheat in competition with large supplies from both Canada and Russia, apparently pressed upon the market at any price as Argentine wheat was being pressed upon the market a year ago. Advances of the Canadian pool to members have been reduced from 60 to 55 cents, and then to 50 cents per bushel. Wheat has moved from Canada at a fairly rapid rate through the early months of the season. The reported exports from Russia to date amount to about 45 million bushels, and trade reports indicate that there may be about 40 millions more to be shipped. The supplies of old wheat remaining to be shipped from Argentina and Australia are probably less than a year ago. After the closing of the lakes, which usually occurs early in December, the United States will have to compete primarily with the Russian exports, and new crops from the Southern Hemisphere which are not likely to begin to move in large volume until in February.

Indications of the world supply situation for the season have changed but little during the past month. Reports from Australia and Argentina indicate that the areas to be harvested are somewhat larger than reported earlier in the season. Conditions reported to date indicate that yields upon the expanded acreage are likely to be about average. The Australian crop has been estimated at 214 million bushels and the Argentine crop may amount to as much as 275 millions, making a total of nearly 490 million bushels to be produced in these two countries. Recently, however, reports indicate rust damage in Argentina, which may reduce yields below that indicated by weather conditions reported to date. In both countries the final outturn of the crop is still subject to change by weather conditions during the next few weeks. It is reported that part of the Canadian crop, probably about 50 million bushels, has been frozen up or snowed in for the time being. This will have little influence upon the outturn of the Canadian crop excepting some reduction in the quality of the crop.

The outlook for the demand for the wheat crop continues about as indicated a month ago. The Orient is likely to take more wheat than in the past season and both Europe and the United States will feed more. Measures taken by some European countries to shut out cheap Russian wheat have a tendency to force that wheat into other markets and temporarily at least tend to depress prices. The increase in tariff duties by Germany and milling restrictions by Germany and some other countries will have a tendency to reduce the import demand for wheat. However, shipments from surplus-producing countries to European markets have been in excess and are likely to continue in excess of the past season.

RICE

Rice prices registered further declines during October. Fancy Blue Rose at New Orleans reached a new low for the year at $3.62 per 100 pounds during the last week of October and then recovered during the first week of November to $3.70. Owing to continued hand to mouth buying and relatively large supplies of Blue Rose yet to be marketed it is probable that there will be a further small decline in prices during the next month. Both rough and milled rice prices are under those of November 1929. Supplies on November 1 and sales for the crop year to date are about the same as for last year. After the bulk of the Blue Rose crop has been harvested however, prices are likely to show some improvement.

The rice crop in the southern States is now estimated to be about the same as that harvested in 1929. Reports indicate that producers marketed about 38 per cent of this year's crop during August, September and October as compared with 45 per cent of the 1929 crop during the corresponding period last year. The supplies remaining in producers hands on November 1 this year were therefore larger than a year ago. Mill stocks on November 1, 1930, however, were sufficiently below those of November 1 last year to make supplies in all positions on that date about the same for both years. The supplies of the upper grades this year will probably be somewhat under those of last year with the lower grades larger because of the relatively poor quality of this year's crop.

Sales of southern rice during the first three months of the 1930-31 crop year are reported to have been about 95 per cent of those for the corresponding period last season. Domestic sales, principally shipments to Porto Rico were above those of last year whereas exports were slightly under the same time a year ago.

Prices of both rough and milled California rice have shown some improvement during the last two weeks of October and first half of November. Heavy marketings of the southern crop and relatively large supplies in California, Japan and Spain will tend to prevent further improvement in prices. Japan is now offering rice in foreign markets at prices well under the level of California rice, prices of valencia type rice in foreign markets are also considerably under California prices consequently there is very little prospect for sales of California rice outside of the protected domestic markets of the United States, Hawaii and Porto Rico.

CORN

During October and the first week of November there was a further decline of corn prices. In part the decline was associated with the adjustment to a new crop basis, but it was also associated with the decline in prices of other grains and of the stock market. This year's very short corn crop would ordinarily justify a much higher level of corn prices than is now prevailing, but no great improvement is likely to be maintained unless there should be a marked rise of wheat prices. The small supply of corn and other feedstuffs will, however, tend to strengthen wheat prices.

The United States average farm price of corn as of October 15 was 81.9 cents per bushel, or 9.8 cents below the level of the month earlier. Though the farm price of corn declined about five cents per bushel more than that of wheat, it was still much above the average level of wheat prices, October being the fourth month in which this has been true. Terminal market prices of corn also averaged lower in October than in September, all classes and grades at five markets averaging 80.3 cents per bushel compared with 93.2 cents for September; and No. 3 Yellow at Chicago averaging 82.0 cents in October compared with 94.0 cents the month before. The decline from week to week during October was fairly steady. For the week ended October 3, No. 3 Yellow at Chicago averaged 89.5 cents per bushel and then declined, averaging 82.0, 80.7 and 76.4 cents respectively for the three following weeks. The week ended November 7 it averaged 70.2 cents per bushel.

Developments during the month of October resulted in increasing the apparent supplies of feed grains available for the coming year. There has been no change in estimates of the oats and barley crops, but November 1 conditions indicated both the corn and grain sorghum crops to be slightly larger than was indicated a month earlier. Total supplies of feed grains excluding sorghums for the 1930-31 season appear to be about 92.9 million tons, compared with 104.5 million last year and an average of 109.6 million for the five years 1925 to 1929. The grain sorghum crop which is now estimated at 2.4 million tons is smaller than any year since estimates of this crop were first made in 1919. The present year's production compares with 2.8 million tons last year and a 5-year average of 3.5 million tons. Stocks of old corn on farms are estimated to be 72.3 million bushels compared with 76.3 million last year and a 5-year average of 102.2 million bushels. Farm stocks, combined with the production of 2,094 million bushels, amount to a total apparent farm supply as of November 1 of 2,167 million bushels. This is the smallest supply of corn available on farms since 1901. It should be borne in mind, however, that total farm supplies include corn used for silage and that part of the new crop which has been fed prior to November 1. Indications are that this year an unusually large proportion of the crop has been put into silage and that feeding of the new crop began earlier than usual. Commercial stocks of corn have continued at a low level, though they are somewhat larger than a year ago, amounting to 5,463 thousand bushels the week ended November 8 compared with 4,550 thousand the previous week and 2,832 thousand bushels a year ago.

While the corn crop is short in most of the important corn producing States, the greatest damage of the drought was in the less important regions which lie to the south and east of the main part of the Corn Belt. The crop of Illinois and Iowa is estimated at 592 million bushels compared with an average of 744 million for the five years 1924 to 1928. Indiana and even Ohio have fairly good crops, though much below average, while in Nebraska production this year is well above the average of the five years, and in Wisconsin and Michigan production is somewhat above the average. Yields in Kentucky, Tennessee, West Virginia, Virginia, Maryland and adjacent States were most affected by the drought. Because of this distribution of the corn crop, it appears that the most important producers of cash corn and the most important hog raising States, while they have smaller supplies than usual, are nevertheless not extremely short of

corn, the supply in these States apparently being approximately the same as in 1924 the most recent year of a short corn crop. The eight States, Illinois, Iowa, Indiana, Missouri, Nebraska, South Dakota, Wisconsin, and Minnesota, which are normally tributary to the Chicago market, have a crop estimated at 1,318 million bushels this year compared with 1,580 million last year and 1,341 million in 1924.

Altogether, the present supply situation of corn and the other feed grains, together with the present level of wholesale prices and the number of livestock to be fed, is such that a price of about one dollar per bushel for No. 3 Yellow at Chicago might be expected if it were not for the very low level of wheat prices. With prices of high quality wheat at the principal markets averaging around 70 to 80 cents per bushel, however, no such level of corn prices is to be expected. From the latter part of July to the end of October corn prices averaged higher than wheat prices at the principal terminal markets, the difference between No. 2 Hard Winter wheat and No. 3 Yellow corn at Chicago amounting at times to about 15 cents per bushel. This relatively high level of corn prices as compared with wheat prices could not be maintained, and during the first week of November, No. 3 Yellow corn at Chicago was 7.3 cents per bushel lower than No. 2 Hard Winter wheat. It is unlikely that corn prices will, during the remainder of the season, average higher than wheat prices. Consequently, any sustained improvement in corn prices is likely to be dependent upon a higher level of wheat prices.

The present foreign corn situation is not such as to lend any support to United States markets. While the European production of feed grains is nearly 18 per cent less than last year, low prices and poor quality of bread grains has tended to result in their substitution for feed grains, Remaining supplies of corn in Argentina appear to be larger than usual and conditions for the new crop so far this season have been favorable. During the last few months, Buenos Aires prices have been ranging mostly from 30 to 45 cents per bushel lower than Chicago prices with the result that there have been some importation of Argentine corn into the United States. Unless there should be a marked improvement in the European demand for corn, or the crop now planted in Argentina should meet with adverse conditions, abundant supplies and continued low prices in foreign markets are likely to retard improvement of prices in the United States.

There appears to be a likelihood of some improvement in corn prices during the next two months, depending largely upon the amount of corn which goes to market during that period. If, however, corn prices should improve relative to wheat prices, feeding of wheat would be further encouraged and this might be to the detriment of corn prices later in the season. If corn prices should not improve relative to wheat during the next few months, there is a good chance for a marked rise of prices in the late spring or early summer, at which time deficit areas are likely to come into the market to supplement their feed supplies. The extent of the improvement at such a time will be limited if there is not meanwhile a rise of wheat prices.

HOGS

The seasonal increase in slaughter supplies of hogs during October and early November was accompanied by a gradual decline in prices paid for

hogs. The hog price curve since the second week in October has not been greatly different from that of the corresponding period in 1929. The relatively large increase in supplies since the latter part of October has carried the weekly average price at Chicago below the low point of $9.02 reached last fall in late November. The extent of the seasonal price rise that is expected to get under way in late December will depend largely on the consumer demand for hog products during the next two months. If storage accumulations of hog products continues relatively small and consumer demand no weaker than at present, reduced marketings in February and March and continued light weights will probably result in a seasonal advance greater than that of last winter. Present storage stocks of pork and lard are low but the foreign outlet for these products shows little promise of immediate improvement.

Hog prices at Chicago in October averaged $9.34 as compared with $9.76 in September and $9.38 in October 1929. After declining to $8.96 in the first week in October the weekly average advanced to $9.68 in the second week and gradually declined throughout the remainder of the month. The average of $9.09 during the first week in November was two cents higher than that in the corresponding week last year.

Wholesale prices of most cuts of fresh pork made their usual declines during October. The average of $21.50 for fresh hams during the week ended November 2 was the same as in the corresponding week last year. Loin prices varied from $18.50 to $22.40 and were from 40 cents to $1.40 lower than a year ago. The heavier cuts suffered the smallest declines.

Following the declines of the first week of October cured pork prices at New York changed very little during the rest of the month. Bacon prices in the week ended November 2 were higher than those in the corresponding week in 1929. Prices for hams and picnics were somewhat lower than a year ago while those for dry salt backs and refined lard were the same. Lard prices at Chicago during that week were only 25 cents lower than New York prices as compared with a differential of $1.15 a year earlier.

Federally inspected slaughter of hogs in October amounting to 3,492,000 head was 9.5 per cent smaller than in October 1929. Thus the current hog marketing year began with curtailed supplies as a strengthening price factor to counteract the weakening influence of reduced demand. Because of lighter weights and poorer finish the reduction in total dressed weight was probably almost 15 per cent. Most of the decrease in slaughter numbers occurred in the first three weeks of the month as Federal inspected slaughter at the nine principal centers for the two weeks ended November 7 was slightly larger than in the corresponding period last year. Present indications are that the expected bunching of receipts during the three months from November to January has begun, although the more favorable relationship between the prices of hogs and feed may serve to bring about a more normal distribution of marketings. Slaughter numbers in November probably will not be greatly different from the relatively large slaughter in November last year, but the total tonnage is expected

to be somewhat smaller.

Relatively low storage stocks continue to be a strengthening price factor. Holdings of pork on November 1 amounting to 356 million pounds were the smallest for that date since 1917 and were 20.4 per cent smaller than on October 1, 27.5 per cent below those of November 1, 1929 and 18.6 per cent smaller than the five year November 1 average. The record low lard stocks on October 1 were further reduced during the month, but the out-of-storage movement was not unseasonably large. The total of 36 million pounds on November 1, the smallest for that date since 1925, was 64 per cent smaller than on November 1, 1929 and 51 per cent smaller than the 5-year November 1 average.

The curtailed export movement of pork and lard in August was further reduced in September when foreign takings were 36.2 per cent below those of September 1929 and 32.5 per cent below the three year average for the month. The total of 54,346,000 pounds was the smallest September export in over 15 years. It was equivalent to only 11.4 per cent of the dressed weight of hogs slaughtered as compared with 15.4 per cent in that month last year and 16.7 per cent for a 3-year September average. Heavy marketings of hogs from Denmark, Ireland, the Netherlands and Germany along with impaired European buying power are in prospect for some months to come. This will tend to keep exports of pork and lard considerably below those of the corresponding months a year earlier.

The scarcity of feed was reflected in the lighter weights of hogs during October when the average weight of hogs at Chicago was only 227 pounds. This was 15 pounds less than in 1929 and the smallest average weight for the month since 1917. However the relatively wide margins in favor of heavy hogs and a more favorable corn hog ratio may have resulted in some holding back of light animals since the average weight of 222 pounds during the week ended November 9 was only one pound below that of the corresponding date last year. In view of the fact that the reduction of corn supplies is less acute in the area west of the Mississippi where hog production is greatest hogs are likely to be fed out to the usual weights in that area as long as the corn hog ratio continues to be as favorable as at present. This will tend to curtail marketings that might otherwise have taken place during the next few weeks.

CATTLE

The cattle market during October was fairly steady but with day to day and week to week fluctuations somewhat larger than in September. The trends of prices for most kinds and grades of cattle were largely in line with the usual seasonal movements. With the better grades of beef steers prices tended to strengthen during the month. The rather sharp decline in these kinds that came at the end of September was largely regained the following week and the advance was held through the month and during the first week of November another advance carried the average weekly prices of choice steers at Chicago to $12.78 the highest point since the middle of June.

The trend of prices for lower grade beef steers was slightly downward during October and the butcher cattle market was weak and declining. Veal calf prices also were rather sharply downward. Prices for lower grade butcher cows, heifers and bulls toward the end of the month reached the lowest level of the year. Stocker and feeder steer prices, on the contrary, tended to strengthen somewhat during the month, due to a rather marked improvement in demand. Although shipments of such cattle during October were somewhat smaller than the heavy October shipments of 1929, they were above the 5-year average shipments, and the increase of October over September was much above the usual seasonal. This improved demand and increased movement were due to the declining prices of corn and other feed stuffs, the somewhat improved prospect for corn production and the rather favorable spread between fat cattle and feeder cattle prices. However the total shipments of feeder cattle into the corn belt from July to October were 11 per cent smaller than last year and the smallest since 1921 with the exception of 1927.

Supplies of cattle during October continued relatively small. Receipts of cattle at 7 markets were 5 per cent below October 1929 and 16 per cent below the 5-year October average; inspected slaughter was one-half of 1 per cent smaller than last year and 11 per cent below the 5-year average. While total supply of native beef steers at Chicago were 5 per cent below October 1929, the number of choice steers was over four times larger than in October 1929 and the wide price differential against heavy weight steers of the better grades continued.

Supplies of cattle during the next two months will continue relatively small. By the end of November the supply of long fed cattle will probably fall off sharply and further advance in prices of good and choice steers seems likely. While there may be a fairly normal movement of short fed steers during December, the supply of such kinds in January and February is apt to be rather small. A continuing good demand for unfinished cattle seems likely, especially if weather conditions continue favorable for another month. No immediate improvement in butcher cattle seems likely.

BUTTER

The production of creamery butter during September and October has been slightly above average while the movement of butter into consumptive channels has been less than a year ago. These factors together with the tendency of dealers to move butter out-of-storage due to the favorable margin between current butter prices and prices at which butter moved into-storage, not only prevented the usual seasonal rise in butter prices from September to October, but also caused a decline in prices early in November. The farm price of grains are now more favorable for the production of dairy products than at the same time last year. With the possibility of importations of butter from New Zealand, the lower consumption of butter, and favorable conditions for production it is not likely that butter prices during November and December will average as high as in October.

The price of 92 score butter at New York remained at about 40 cents throughout October but declined to 37 cents early in November. The farm price of butter declined 0.1 cent from September 15 to October 15 and the farm price of butter fat declined 0.7 cents per pound. This was contrary to the usual seasonal trend in prices and the farm price of butter fat on October 15 was 8.6 cents below a year ago while on September 15 prices were only 6.9 cents below a year earlier.

During July and August the production of butter was 12 per cent less than in 1929 and also less than the 5-year average, but in September and October pasture conditions improved somewhat and production in these months has been more nearly equal to a year ago. The estimated production of creamery butter during September of 119.5 million pounds was 3.4 per cent less than in September, 1929 but 2.6 per cent more than the 5-year average. Reports from cooperatives and trade associations indicate the production during October was below a year ago, but production in October last year was unusually large.

Although the total feed supply of the country is less than in the fall of 1929 the decrease is not great in the important dairy States. It is therefore not probable that there will be any marked curtailment in butter production during the coming winter unless the present relation between feed prices and butter prices becomes less favorable. On October 15, the index number of the farm price of dairy products at 125 was 36 per cent greater than the index number of the farm price of grain. A year ago the index of farm prices of dairy products was only 10 per cent greater than the index number of the price of grain and for the 5 years 1925-1929 the October index of farm prices of dairy production has averaged only 12 per cent greater than the farm price of grain.

The movement of butter into consumptive channels during September of 179.3 million pounds was 1.6 per cent less than in September, 1929. The total movement for the first 9 months of 1930 was 0.3 per cent less than for the same months of 1929. With the present low level of payrolls and business activity in general it is not likely that there will be any marked increase in trade output, until some improvement in employment and the business situation takes place.

The storage situation on November 1 was better than that of a year ago. Cold storage stocks of 109.6 million pounds on that date were 20.8 per cent less than a year ago and 1.9 per cent less than the 5-year average. The price of 92 score butter at New York during October averaged 5.9 cents more than the average price during the into-storage period (May, June and July). This margin of 5.9 cents was relatively favorable for moving butter out-of-storage.

The production of butter in New Zealand during the past two months has been unusually heavy and the increased tariff on butter into Canada has closed that market for New Zealand butter and depressed prices in New Zealand. "Finest New Zealand" butter in London during September

averaged only 27.6 cents per pound or 12.2 cents less than the price of 92 score at New York. While this difference was not as great as the tariff (14 cents), current reports indicate that the spread in prices during October was greater than in September. Decline in the price of 92 score butter at New York of about 3 cents per pound during the first part of November reduced the margin between New York and New Zealand prices somewhat. Any material increase in the price of butter at New York, however, or a further decline in the price of New Zealand butter would tend to make the spread as great as the tariff.

CHEESE

Ordinarily there is a decline in cheese prices during October or November when the shift from pasture to barn feeding occurs. The shift in feeding occurred earlier than usual this year and cheese prices declined in October instead of making the usual seasonal advance. Production during recent months has been low, but has been accompanied by a correspondingly low movement of cheese into consumptive channels and storage stocks are still relatively large. Due primarily to the comparatively small movement into consumptive channels, the large storage stocks and low prices of other dairy products, no marked increase in cheese prices is to be expected during the next few months.

The ruling price of twins on the Wisconsin Cheese Exchange during October (16.3 cents) was 0.8 cents less than during September. For the five years 1925 to 1929 the October price averaged 0.7 cents higher than the September price. Prices during October, however, averaged 1.9 cents more than in July which is about the average seasonal advance from July to October.

Receipts of American cheese at Wisconsin warehouses during the four weeks ended October 25, (13.1 million pounds) were 21 per cent less than for the same weeks of 1929 and 31 per cent less than the 5-year average. Receipts from January 1 to October 25, 1930 (211.9 million pounds) were 0.8 per cent more than for the same period of 1929, but 9.3 per cent less than the 5-year average.

The movement of cheese out of Wisconsin during 1930 (January 1 to October 25), of 205.2 million pounds, was 1.2 per cent less than during the same period of 1929.

Stocks of American cheese (current trading stocks plus private and public cold storage holdings) at Wisconsin primary markets during September and October were approximately the same as for the corresponding period of 1929 and 1928. Stocks were reduced from the high point in August 1930 but the reduction, from the middle of September to the latter part of October, has not been as rapid as during the five year period 1925 to 1929. On October 25 stocks were 25 per cent greater than the 5-year average.

Estimated production of cheese in the United States during September (36.1 million pounds) was 10.1 per cent less than for September 1929. The estimated movement of cheese into consumptive channels during September was 8.8 per cent less than in the same month of the preceding year.

Cold storage holdings of American cheese in the United States on November 1 were 78.9 million pounds, 1.1 per cent more than the unusually large holdings of last year, and 8.5 per cent more than the 5-year average.

The ruling price of twins during October was about 1.0 per cent higher than the average price during the into-storage period, (May, June, and July). This margin in October was more favorable for moving cheese out of storage than at any time during the last two seasons.

EGGS

With supplies of fresh eggs about average for this time of the year prices of high quality eggs are making the usual seasonal rise which is expected to continue until the seasonal peak is reached in late November or early December. Large storage holdings, however, are preventing as great a rise in the prices of the poorer qualities and makes the future trend of prices of these grades uncertain. Pacific Coast extras averaged 53.8 cents during October, a 9 cent rise from the September average or the same as a year ago. Middle Western fresh extras averaged 34.1 cents for the month, a rise of 3.7 cents over September or about the same as a year ago. Fresh firsts rose less than half a cent to 25.4 cents while last year the gain was 3 cents. Prices of refrigerator firsts declined 2.7 cents during October to average 22.4 cents; while a year ago prices advanced 1.7 cents. October prices are below those of a year ago by 11 cents for Pacific Coast extras, 13 cents for Middle Western extras, 14 cents for fresh firsts and 15 cents for refrigerator firsts.

This trend in prices is largely a result of the supply situation. Receipts from the four markets during October were 662,000 cases, about the same as a year ago and the 5-year average. With numbers of laying birds in farm flocks on October 1 slightly more than last year, receipts are not likely to fall below the seasonal averages for the winter, except as curtailment may be caused by severe weather. As winter receipts are always low, the supply of fresh eggs, especially the best grades, will be limited, though probably no more than a year ago.

Storage holdings of refrigerator eggs which come in competition with the poorer grades of fresh eggs are large being, 6,700,000 cases on November 1 as compared to 4,930,000 cases a year ago and a 5-year average of 5,774,000 cases. A favorable feature of the storage situation is the larger out-of-storage movement, 2,400,000 cases in October as compared with 2,265,000 cases a year ago and a 5-year average of 2,297,000 cases. However, this is an increase of only about 5 per cent over the 5-year average, while storage stocks are about 16 per cent over the 5-year average. This is also partially offset by a lower out-of-storage movement of frozen eggs.

CHICKENS

The farm price of chickens is likely to continue at about its present level until the seasonal rise begins in the late winter. Though receipts are lighter than a year ago and consumption is larger the poor demand on the part of storage operators tends to maintain a low price.

The farm price of chickens on October 15 was 17.4 cents, .4 cent below September 15 and 4.1 cents below a year ago. Since July 15 the price has fluctuated between 17 and 18 cents practically all of the seasonal decline having come early rather than being distributed through the last half of the year as is usually the case.

Receipts at the four markets during October were 32.8 million pounds as compared with 37.3 million pounds a year ago and a 5-year average of 31.8 million pounds. There are indications that the low farm price is tending to increase farm consumption, thus cutting down receipts as is usual. At this period of the year, receipts are making a seasonal increase which will reach a peak in November and December.

Cold storage holdings of frozen poultry are low being 59.3 million pounds on November 1 compared to 86.9 million pounds a year ago and a 5-year average of 63.2 million pounds. The net into-storage movement in October was 11.3 million pounds as compared to 24.9 million pounds a year ago and a 5-year average of 15.6 million pounds. The present low cold storage holdings and small into-storage movement is largely due to poor demand for storage, as the storage operators lost heavily last season.

The low prices this season has resulted in a fairly high level of consumption, but the present low prices of competitive meats would probably tend to reduce consumption should chicken prices rise materially.

LAMBS

The lamb market during October did not make much of a recovery from the low level of prices prevailing at the end of September, but was rather sensitive to changes in supplies. About the middle of the month a rather short supply for a few days brought about a sharp advance in slaughter lamb prices, which carried top lambs at Chicago to $9.50, the highest point since the end of August. With increased receipts this advance disappeared about as fast as it was put on and prices went back to almost the low point of the season and closed the month at about the same levels as at the beginning, the bulk of the slaughter lambs selling around $8.00. Prices of feeder lambs were more stable than fat lamb prices and tended to strengthen somewhat during the month. The average cost of feeder lambs at Chicago in October was about $6.60 compared to $12.05 in October 1929.

Supplies of slaughter lambs in October were very large. The inspected slaughter of sheep and lambs of 1,727,000 head was the largest for any month on record and 27 per cent above October 1929 and 39 per cent above the 5-year October average. The proportion of sheep in the October slaughter this year was small and the actual number was probably below last year, so that all of this increase was in lambs.

The supplies of lambs at 7 leading markets in October, however, were 5 per cent smaller than in October 1929. If Denver receipts are eliminated both years, the supply at 6 markets this year was 22 per cent larger than last year. The small receipts at Denver in October, which at 418,000 head were only one half of October 1929, were due to the very small movement of feeding lambs into Northern Colorado in October this year. The number of cars received at stations in that area this year was only about one-fifth the number received in October 1929.

The movement of feeding lambs through markets into the Corn Belt States in October was larger this year than last. Such shipments into the 7 leading feeding States were 11 per cent larger. There was also a large increase in the direct movement of feeding lambs in October over last year into North Dakota, Minnesota, and Wisconsin, which States usually do not feed large numbers of lambs and supplies in commercial feed yards the first of November were larger than last year. Direct shipments into Colorado and western Nebraska were very much smaller then in October last year and feeding in these areas will probably be on a much reduced scale. On the other hand feeding in the area west of the Continental Divide will be more extensive then last year.

The supply of lambs until the end of January will probably continue relatively large, but after February supplies will be small unless there is a very heavy late movement of lambs into western feedlots.

WOOL

Prices of practically all domestic wools declined slightly during October and trading remained quiet throughout the month. At recent sales in foreign primary markets, however, prices have been firmer with improved competition and the domestic market displayed more resistance to pressure for lower prices during the early part of November. The domestic market for foreign wools remains quiet.

The Boston price for Ohio and similar grease, strictly combing wool declined to 30½ cents per pound for 64s, 70s, 80s (fine), a decline of ½ cents per pound during October, while 56s (3/8 blood) remained at 29½ cents per pound. On a scoured basis prices of fleece wools and territory wools declined from 1 to 3 cents per pound during the month. On November 8, fine strictly combing territory wool, was 73½ cents per pound and 3/8 blood territory was 59 cents per pound, both having declined 3 cents per pound during October. The October average of 75.0 cents per pound for 64s, 70s, 80s (fine) strictly combing territory wool, scoured basis, at Boston is the lowest monthly average for this wool since 1916 while the average of 60.4 cents per pound for 56s scoured territory wool is lower than any monthly average since 1921. During the past six months wool in Boston has remained quite stable while prices in London has declined about 6 cents thus increasing somewhat the margin between domestic and foreign prices.

Arrivals of domestic wool at Boston continue above normal. Receipts for October were 11,415,000 pounds compared with 9,171,000 pounds in October 1929. The total receipts from January 1 to October 31 were 46 million pounds above those for the same period last season an increase of 24 per cent. Imports of combing and clothing wool continued to decline during October and the total for the month was probably smaller than for any month since August 1924. Total imports of combing and clothing wool for the first 10 months of 1930 were approximately 30 per cent below those of the same months last year. Stocks of foreign wool in bonded warehouses at Boston were also reduced during October and were considerably below those held on November 1 of the past two years. The total available supplies of wool in the United States on October 1 apparently was somewhat larger than a year ago.

Domestic consumption of wool showed some improvement during September but it is probable that the increase was largely of a seasonal nature. Total consumption of combing and clothing wool for the first 9 months of this year was 222 million pounds compared with 271 million pounds for the first 9 months of 1929, a decrease of 18 per cent.

Present indications are that the clip now being shorn in the Southern Hemisphere will exceed last year's production slightly, but will probably not reach the record proportions of the 1928 clip. The net reduction in stocks of foreign and colonial wool in the United Kingdom during September was practically the same as a year ago, but on October 1, stocks were approximately 16 per cent or 68 million pounds above those held on October 1, 1929 and also 16 per cent above the October 1 average of the four preceding years. Stocks of tops in continental combing establishments increased somewhat during September, but on October 1 were still 30 per cent below those of last October. Trade in continental Europe is restricted. The firmness in foreign primary markets has had a steadying influence on the Bradford market and more confidence in present prices has been evident in the past few weeks. The number of unemployed workers in the wool textile industry of the United Kingdom at the present time exceeds the number registered during the general strike in 1926.

COTTON

Improvement in the domestic cotton textile industry in September and October has been a stimulating factor in the cotton price situation and cotton prices showed a net gain of about 0.68 cents per pound from October 11 to November 12. The November forecast of the United States crop was 14,438,000 or 48,000 bales below the October forecast. Exports of domestic cotton the first three months this season were above those last season, but exports during October were below October 1929. Domestic consumption of raw cotton during October increased 50,000 bales which was more than seasonal. For the fourth consecutive month there has been a decrease in stocks and an increase in unfilled orders of standard cotton cloths with the stocks at the end of October the lowest since September 30, 1929. Textile activity in most foreign countries is still low but a slight improvement was reported in Poland, Austria, Czechoslovakia, and Italy. In France and China textile activity is satisfactory and in Japan stocks are low and production is running below requirements.

The prices of middling 7/8 inch cotton in the ten markets advanced rather steadily from the middle of October to the 28th, when the price reached 10.72 cents per pound. Since then there has been some decline with the average for the ten markets on November 12 at 10.33 cents per pound, a net increase over October 11 of 0.68 cents. The monthly average for October was 9.82 cents compared with 10.15 cents for September and 17.62 cents for October last year. The October average was the lowest since that of August 1915. The average farm price on October 15 was 9.2 cents per pound or 0.7 cents per pound below September 15 and 8.3 cents per pound below October 15, 1929. This was the lowest farm price since August,1915 being 0.2 cents below the low point reached on April 15, 1921.

The November forecast of the United States crop was 14,438,000 bales of 500 pounds gross. This was only 48,000 bales below the October forecast and approximately 390,000 bales below production last year. The indicated average yield of the United States is 154.2 pounds per acre which is 0.9 pounds below the average yield for the 10-year period 1919 to 1928. In Texas, Arkansas, Mississippi, North Carolina and Tennessee, the crop is turning out somewhat less than was anticipated a month ago, but these declines are partially offset by moderate increases in Georgia, South Carolina, Alabama, Louisiana and Oklahoma. Cotton ginned from the growth of 1930 prior to November 1 amounted to about 10,864,000 running bales compared with 10,892,000 and 10,162,000 bales ginned during the corresponding periods of 1929 and 1928 respectively, according to the Bureau of the Census. (Up until this time ginnings have been running ahead of last year.)

Exports of raw cotton during October amounted to about 1,004,000 running bales compared with 903,000 bales during September and 1,251,000 bales during October 1929 according to the Bureau of the Census. Exports for the first three months this season totaled 2,273,000 bales against 2,203,000 bales during the same period last year. Exports for the three months this season to France and Germany were above last season whereas exports to other European countries including Italy and Great Britain and to Japan are below last year.

Exports of both cotton piece goods and yarns from Great Britain during October increased more than the average seasonal. Piece goods exports amounted to 150.3 million square yards or 7.6 million square yards above September and 115.5 million square yards below October 1929. Exports of cotton yarns during the month of October increased 2.6 million pounds over September, amounting to 11.7 million pounds. This was 1.8 million pounds below October last year.

Domestic consumption of raw cotton during October amounted to 444,000 running bales or 50,000 bales above September, 196,000 bales below October 1929 and 172,000 bales below October 1928 and was the lowest for the month since October 1920. The average increase of October over September amounted to about 35,000 bales for the 9 years 1920-21 to 1928-29. This indicates that the increase during October was considerably above seasonal.

Consumption the first three months this season amounted to 1,191,000 bales compared with 1,744,000 bales and 1,634,000 bales during the same period last year and the year before. Stocks of raw cotton in consuming establishments in the United States on October 31, 1930 totaled 1,323,000 bales compared with 1,356,000 bales on October 31, 1929. Stocks in public storage and at compresses were 7,543,000 bales at the end of October compared with 5,296,000 bales the same date last year. Stocks of American cotton in European ports on November 7 amounted to 948,000 bales or 164,000 bales above the corresponding date in 1929.

October was the fourth consecutive month in which sales of standard cotton cloths were above shipments and shipments were above production resulting in a continuous increase in unfilled orders and a continuous decrease in stocks. The weekly average production during October amounted to 45.8 million yards, 0.2 million yards above September and 25.0 million yards or 35.3 per cent below the weekly average during October a year ago, according to the Association of Cotton Textile Merchants of New York. This weekly average increase of 0.2 million yards during October over September compares with an average of 4.4 million yards increase during the two previous years for which data are available. Sales of cotton cloth during October averaged 67.2 million yards per week or 146.7 per cent of production. Shipments averaged 54.1 million yards which was equivalent to 118.1 per cent of production. Stocks on hand at the end of October amounted to 350.9 million yards or a decrease of 10.6 per cent during the month and are now the lowest since September, 1929. Unfilled orders increased 22.9 per cent during October and on October 31 amounted to 350.8 million yards, this being the largest since April.

The developments in the textile situation in Europe during the past month have brought no significant change. There has been a limited seasonal improvement in mill sales of yarn and cloth in parts of Czechoslovakia, Austria, and Poland with possibly a slightly better pickup in Italian business for both export and domestic account. These developments, however, were more than offset by the failure of any seasonal betterment to develop in Germany, Belgium and other countries. In China deliveries are quite satisfactory and mills are running almost to capacity without stocks becoming excessive. Deliveries in some lines of piece goods have been good and the market is steadily improving. The weaving industry has had a very flourishing period and several mills are adding new looms. The Japanese mills in China are sold out up to March 1931. In Japan the additional curtailment which became effective October 1 has reduced production below estimated requirements for the country. This together with a scarcity of stocks has placed the Japanese industry in a more favorable position.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics,
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THE PRICE SITUATION, DECEMBER 1930

FARM PRICES

The index of farm prices at 103 on November 15 was at the lowest point since December 1915 and compares with 106 on October 15 and 136 on November 15 last year. Declining prices for grains, fruits and vegetables, and meat animals from October 15 to November 15 more than offset the advances of poultry, cotton and cottonseed and the unclassified commodities.

Since November 15 market prices for grain have advanced somewhat, cattle prices are slightly higher and lamb prices have shown some advance. Prices for fruits and vegetables have not materially changed since November 15, but prices for hogs, butter, eggs, cotton and wool have made declines. These declines will probably more than offset the advances and it is likely that the general level of farm prices on December 15 will be somewhat lower than on November 15.

GENERAL COMMODITY PRICE LEVEL

After remaining unusually steady during October the general level of commodity prices showed further weakness the first half of November. This was followed by some recovery the last two weeks of November but the recovery was not fully maintained during the first two weeks of December.

The decline in the index of wholesale prices during November was due largely to declining prices for fuels, farm and food products. Fuel prices failed to show the weakness of other commodity groups during the first ten months of 1930 but a sharp drop in prices of petroleum products early in November caused the Annalist index of fuel prices to decline from 151.5 on October 28 to 141.6 on November 11. Since then fuel prices have shown marked stability. The weakness of grain and butter prices and the seasonal decline in hog prices caused the index of agricultural products to decline from 113.0 on October 28 to 108.0 on November 18, but prices have since advanced to 110.2 on December 2. Food prices have tended to follow farm products prices and the decline from 131.9 on October 28 to 127.7 on November 18, was followed by an advance to 129.2 on December 2. From October 28 to December 2 prices of textiles declined 1 point and miscellaneous commodities 1.4 points. Prices of building materials and chemicals remained practically unchanged while metal prices advanced 2.5 points. These changes in the different groups resulted in the Annalist index of all commodities declining from 121.9 on October 28 to 117.6 on November 18 and then advancing to 118.8 on December 2.

The declining prices in the United States have been accompanied by a corresponding weakness in the wholesale price levels of foreign countries. By October the combined index for eight foreign countries declined to 79 per cent of the 1926 level. This compares with prices in the United States about

83 per cent of the 1926 level. During the latter part of November prices in England, France, Italy and Germany declined further, and early in December the level of wholesale prices in all of these countries was at or near the lowest point reached so far in 1930.

BUSINESS CONDITIONS

Business activity continued to decline from October to November and the level of business activity in December will probably be below that of November. There have been evidences of improvement however in some lines of activity and the present low level of production is gradually reducing the inventories of some manufactured commodities and will eventually lead to improvement. Seasonal improvement is to be expected in many lines of activity after the holiday season and this may develop into a general upward swing in business activity during 1931. It is likely however, that recovery will be slow and irregular.

The downward trend of business during November was characterized by a decline in freight car loadings, lower pig iron and steel production, increasing unemployment and lower payrolls and a sharp decrease in building activity as measured by contracts awarded. During the week ended November 22 freight car loadings of only 779,757 cars were the lowest for any like period since 1921 and is the smallest with the exception of two holiday weeks for any week since May 1922. The Annalist index of pig iron production declined from 68.1 in October to 60.6 in November and weekly estimates of steel production show a marked falling off up to the first week of December. The daily average of building contracts awarded in November was 15 per cent below those of October 1930 and 30 per cent below November last year. The Federal Reserve Board's indexes of employment and payrolls after being seasonally adjusted made further declines from September to October. The index of employment for October was 82.7 compared with 84.5 in September and the index of payrolls in October was 78.2 compared with 82.9 in September. The greater decline in payrolls was due in part to a greater amount of part time employment but largely due to the cutting of wages in several lines of activity. During periods of depression the index of payrolls usually declines more than employment. In 1921 the index of payrolls not only declined more than the index of employment but continued to decline for several months after the index of employment began to advance.

Although the November production of automobiles was lower than in October there was a material pick-up in production during the latter part of November due to the introduction of new models this year at a much earlier date than usual. With dealers supplied with new models, however, a continuation of the increased production will depend upon the buying of cars by the consumer. Textile activity has continued to show improvement over the unusually low levels during the summer months.

The increasing numbers of bank failures in the South and middle west and the marked decline in bond prices, especially railroad bonds, during November were new discouraging factors in the financial situation.

When compared with its previous peak, business activity as measured by most indexes has now fallen as much as or more than in most other major depressions of the past fifty years. As in past depressions, this unusually low level of activity has resulted in a reduction of supplies in several commodities and is one of the factors preparing the way for some improvement in business.

WHEAT

Wheat prices were lower in November than in October. The decline in the United States continued until about the middle of November, and was followed by a marked strengthening of prices during the latter part of the month. In foreign markets the decline continued longer than in the United States, and closing prices at both Winnipeg and Liverpool reaching lower levels in December than in any previous month this season. The maintenance of the present level of domestic prices is dependent, for the time being at least, upon the support of the Grain Stabilization Corporation, and the course of prices during the remainder of the season will be affected by its actions.

The United States average farm price as of the middle of November was 60.0 cents compared with 65.6 cents per bushel in October. Similar declines were registered at terminal markets, the weighted average price of all classes and grades at six markets averaging 69.8 cents during November compared with 76.0 cents per bushel during the previous month. The greatest declines were in the spring wheat prices and in prices on the Pacific Coast. No. 1 Dark Northern Spring at Minneapolis declined 7.6 cents to 75.4 cents per bushel and No. 2 Amber Durum at Minneapolis declined 7.8 cents to 70.5 cents per bushel. The declines in the monthly average of No. 2 Hard Winter at Kansas City and No. 2 Red Winter at St. Louis were 4.4 cents and 4.5 cents per bushel respectively.

Prices in United States markets continued downward during the first part of November. Prices then steadied and during the latter half of the month rose about 6 cents per bushel. This course was fairly typical of all the principal wheats except soft red winter which made its lowest average the first week of November and recorded a small advance for each of the following weeks. Prices on the Pacific Coast, however, did not make as great a recovery as did prices east of the Rocky Mountains. Meanwhile world market prices continued to decline. On December 11 prices of wheat futures for December delivery at Chicago were about 7 cents per bushel higher than at Liverpool.

The checking of the decline and the subsequent strengthening of prices in United States markets were apparently due to the operations of the Grain Stabilization Corporation. Reports as of November 15 showed intentions of farmers and others to feed 236,000,000 bushels of wheat to livestock this

crop year compared with 90,000,000 last year. Together with exports to date and the usual domestic requirements, this increased feeding of wheat indicates that the carryover into next season, though large, will be smaller than the carryover into the current season, even if there are only small net exports of wheat and flour during the next six months.

The probable margin of safety for the carryover is so small, however, that it does not seem likely that any material advance in domestic prices can safely be maintained unless there should be a marked advance in world price levels. A marked advance of wheat prices in the United States, not accompanied by a similar advance in feed grains would, if maintained, reduce the amount of wheat fed to livestock below intentions, and would place the United States in danger of having so large a carryover that serious congestion would result next year unless a considerable amount is exported during the remainder of this season. With the price of wheat at Chicago above Liverpool, large exports cannot take place. Indeed it appears necessary for Chicago futures to be in the vicinity of 15 cents below Liverpool before there is a free movement of wheat in volume from the United States to Europe. The future of world wheat prices is obscure and while some strengthening is possible during the next few months it does not seem likely that such strengthening will be sufficient to allow large exports from the United States at prices now prevailing.

CORN

The course of corn prices during November and early December has been very similar to that of wheat prices. Because of the extent of substitution of wheat for corn as a feed this year the support to wheat prices has tended to strengthen the corn market and such activities will probably continue to be a factor in corn prices for the next few months. The present relation between corn and livestock prices appears to be resulting in heavier feeding than is usual in years of short corn crops. Should prices continue favorable to heavy feeding for the next few months, there is a possibility that this may result in sufficient shortage of corn later in the season to warrant a material rise in corn prices.

During the first part of November corn prices declined sharply, but this was followed by a strengthening of prices which brought the average price for the first week of December almost to the level of the last week of October. The United States average farm price of corn as of the middle of November was 66.3 cents per bushel compared with 81.9 cents per bushel in October. The decline from October to November was partly due to the farm price representing primarily new corn rather than old corn and partly to declining market prices for specific grades of corn. At terminal markets, prices made similar declines, the weighted average price of No. 3 Yellow at Chicago declining from 82.0 cents for the month of October to 70.9 cents for the month of November. For the week ended December 5 the average was 75.1 cents per bushel.

Because of the earliness of harvest corn moved to market earlier than usual and receipts during November were larger than would be expected considering the size of the crop. Receipts at 14 primary markets amounted to 17.1 million bushels compared with 18.7 million last year and an average of 21.1 million bushels for the past five years. Commercial stocks have increased from 4.6 million bushels for the week ended November 1 to 7.5 million for the week ended December 6. The present level of stocks is higher than last year but much below average. Wet process grindings during November amounted to 5.4 million bushels compared with 6.5 million last year and a 5-year average of 6.9 million bushels.

The corn market may be somewhat sensitive to receipts from country points during the next few weeks. The greatest significance of the amount of receipts, however, will be with regard to what they indicate as to the amount of corn which will be available this season for commercial and industrial use. The ratio of corn to livestock prices has been such as to promote heavy feeding. Consequently, supplies to come from the country may be smaller than would normally be expected from a short corn crop of similar distribution. Wheat feeding does not appear to have been heavy enough in the cash corn regions to be much of a factor in reducing the amount of corn fed in such regions.

In view of these indications it seems likely that the corn market situation is gathering some strength. It must be borne in mind, however, that the large supplies and very low prices of wheat will tend to prevent any material advance in corn prices. Any rise of corn prices without a similar rise of wheat prices will increase the feeding of wheat at the expense of corn. If corn and wheat both rise without a corresponding advance in livestock prices, the amount of feeding of both grains will tend to be reduced and this would lessen the possibility of corn prices making any material advance later in the season.

FLAXSEED

A record acreage was planted to flax in 1930 and present indications are that the world crop of 1930-31 will be the largest ever recorded. The large prospective supplies and poor demand have carried prices to the lowest levels since 1914, but the consumption of flaxseed products has been reduced and there is the likelihood of a large carryover of flaxseed into the 1931-32 season. Large stocks will probably continue burdensome to the market throughout the present marketing season.

Prices of No. 1 flaxseed at Minneapolis remained fairly steady at around $1.95 per bushel during the latter half of August and the first three weeks of September, but during the latter part of September, prices began to decline and continued downward until the second week of November when prices averaged only $1.60 per bushel. Some improvement occurred during the latter part of November and prices averaged $1.70 per bushel for the week ended December 5. The average farm price on November 15 of $1.34 per bushel was the lowest since December 1914 and compares with $1.52 on October 15, $2.85 on November 15 last year and $2.18 for a 5-year November average. The lower prices this year are partly a result of the larger crop in the United States but are mostly due to the sharp falling off in the consumption of flaxseed products, the lower prices for all commodities and the outlook for a record world's crop of flaxseed.

The production of flaxseed in the United States is estimated at 24,168,000 bushels, and the Canadian crop is estimated at 4,459,000 bushels. No official estimates of the Argentine crop are yet available, but trade reports indicate that the crop will be around 88,000,000 bushels and the largest every produced in Argentina. Should a crop of this size be harvested this year the total production of these three countries would be about 117,000,000 bushels compared with 106,000,000 bushels in 1928 the previous year of record supplies. The Russian acreage planted in 1930 is estimated at 5,165,000 acres or slightly above that of 1929 and yields are reported to be about 17 per cent above last year.

Reports of planted acreage from twenty flaxseed producing countries indicate that acreage in 1930 was nearly 21 per cent greater than in 1929 and was the largest acreage planted to flax since comparable data have been available. Condition reports from most of the smaller producing countries indicate that production in these countries in 1930 will also be somewhat above last year. This increase in production together with the larger crops in the United States, Canada, Argentina and Russia is likely to result in the largest world crop of flaxseed that has ever been produced. In India, the crop for the 1930-31 season is now being planted and trade reports indicate that the acreage will not be materially different from that in the 1929-30 season.

Demand conditions for flaxseed products continues poor both in the United States and in Europe. The decline in building construction and business activity in the United States greatly curtailed the consumption of linseed oil during the 1929-30 season (October 1, 1929 - September 30, 1930) and crushings were only 31,000,000 bushels compared with an average of 43,000,000 bushels during the preceding five years. Consumption of linseed oil is now at a low level and judging from present indications as to business prospects and building activity during the spring and summer of 1931 it is not likely that the crushings of flaxseed during the 1930-31 season will greatly exceed those of the 1929-30 season. In Europe the low prices for wheat and corn and the general depressed conditions have greatly reduced the demand for linseed cake and the crushings of flaxseed in Europe have been reduced materially.

POTATOES

The farm price in the United States of potatoes on November 15 at 95 cents per bushel was 7 cents less than on October 15 and 40 cents below November 15 last year. Since November 15 prices have strengthened somewhat in the eastern markets but have declined slightly in the western markets.

Crop prospects on November 1 were somewhat better than on October 1, but the total supply situation remains similar to that of last year. Shipments during the first half of November totaled about 9,000 cars compared with 7,500 for the same period last year. As a result of declining prices shipments in the last week of November and the first week of December totaled only 7,000 cars compared with 7,500 cars in the comparable weeks of last year. Eastern shipments (Maine) were materially below last year's while shipments from western States (Idaho) remained greater than those of last year and prices advanced on the New York market by about 50 cents per 100 pounds by December 10, while they weakened somewhat on the Chicago market. Prices of both markets are averaging about $1.00 per 100 pounds below those of last year, a reduction which appears to be greater than can be justified by the reduction in consumer purchasing power. Unless supplies are materially greater than present information indicates, the level of potato prices should, later in the season, adjust itself more nearly in line with the moderate supply.

DRY BEANS

Bean prices declined sharply from the beginning of the bean marketing season in September to about the middle of November but since that time have been generally maintained at the lower level. Farm prices for the United States are considerably below those at the beginning of last year even when changes in the general price level are considered. United States bean production this year of about 21 million bushels is nearly 7 per cent above the 1929 crop and 15 per cent above the average for the years 1925-1929. In recent years there has been an upward trend in the production of dry beans amounting to about half a million bushels a year. Domestic production for 1930 is about $1\frac{1}{2}$ million bushels above the trend of production as against less than a million above last year. Present prices seem to have discounted the increased supply this year.

A comparison of the 1930 supply situation with that of 1925 is of especial interest since 1925 was also a year of heavy domestic production. Whereas production this year is $1\frac{1}{2}$ million bushels above the trend of production, shown in the Figure at the back of this report, production in 1925 was nearly $3\frac{1}{2}$ million bushels above the trend. The quality of the crop this year for at least some varieties is much better than in 1925. Reports available on foreign supplies do not indicate any larger surplus available for shipment to this country this year than in 1925. In spite of the more favorable supply situation this year, farm prices so far this season have been below the yearly average for the 1925 crop. The November farm price was only $4.10 per 100 pounds this year as compared with an annual average of $5.71 in 1925. Even after allowance has been made for the general level of prices the November price is below the 1925-26 average.

There is some prospect of a heavier consumption than normal during the 1930-31 season. Last year, a year of depression, our total production plus net imports was over $2\frac{1}{2}$ million bushels above the normal trend of supplies.

These larger supplies resulted in a carryover at the beginning of the 1930-31 season above the negligible carryover at the beginning of last season, but probably not an abnormally large one, which indicates that consumption last season was fairly large. In a period of continued depression such as the present, the demand may be increased considerably above normal by the substitution of beans in the diet to take the place of more expensive protein foods.

United States bean production is made up of several varieties which are not freely interchangeable in consumption and the situation with respect to specific varieties is considerably different from that for beans as a whole. White beans make up about half of the total bean crop and pea beans make up nearly two-thirds of the white bean crop while great northerns constitute a good share of the balance. Prices of the various varieties of white beans tend to follow the same general direction although there are at times considerable variations in the prices of the individual varieties.

No definite estimate has been made of the 1930 production of beans by varieties but the reports which are available indicate a slight decrease in production of all white beans as compared with 1929 and with the past five years. Total production in 7 States producing principally white beans is 6 per cent below 1929, about 5 per cent below the average for the past five years, and about 25 per cent below 1925. Some indication of pea bean production is given by the total crop in Michigan and New York, which is 13 per cent below last year, 20 per cent below the 5-year average 1925-1929 and nearly 40 per cent below 1925. Quality in the pea bean States is reported to be good to excellent. Production of great northerns seems to be larger than in 1929. Preliminary reports indicate a marked increase in marrow production in New York. There may be a slight increase in small whites in California. White kidney production, according to trade reports is considerably smaller than last year.

Prices of all white beans have fallen considerably since the beginning of the season in spite of the indicated decrease in production and are lower than in the same period last year. Pea bean prices at New York fell from $8.50 per 100 pounds, wholesale September 2 to $5.62 November 18, after which they remained about stationary, as compared with an annual average of $7.86 in 1929-30 and $5.59 in 1925-26.

Chicago prices of great northerns fell from $6.75 September 2 to $5.15 November 19 and has since remained near that figure, as compared with an annual average of $7.23 in 1929-30. The price of great northerns at Chicago in November averaged $5.46 per 100 pounds, which was only 32 cents below the New York average price of pea beans in November. In the past three years the annual average price of great northerns has ranged from 65 to 97 cents below the pea bean price.

Prices of other classes of white beans have followed a course generally similar to that for pea beans except that marrows have continued to decline while small whites at San Francisco strengthened somewhat recently. A Figure showing the course of prices for pea beans and some other varieties is included at the back of the report.

Since the foreign bean supply includes a large percentage of pea beans and competing varieties it is of special importance in connection with our pea bean prices. In recent years beans have been imported when United States pea bean production was short in spite of an abundance of colored beans, and the bean imports in September and October of this year are in line with past experience. An important factor in the decrease in price so far this year may have been an increase in the Japanese crop of large and small whites. But heavy rains at harvest time are reported to have hurt the quality of the bean crop there, which should reduce our demand for beans from that source. Europe probably has a surplus for export, below average and less than last year or in 1925-26. A disturbing factor early in the season was the offering of Russian beans on European markets. Later reports have not mentioned Russian supplies and it is possible that actual competition from that source is less than anticipated.

Considering the good quality of the present crop the supply factor for pea beans seems to be fully discounted in present prices. Information on the New Chilean crop may affect prices as soon as it becomes available.

Of the beans other than white beans, pintos are the most important variety, making upon an average of 14 per cent of the total bean crop the past five years. Prices of pintos, pinks and small reds have followed a somewhat similar course in recent years. Pinks have made up over 5 per cent of the crop and small reds a smaller proportion.

Production in the pinto producing States is over 20 per cent greater than in 1929 and almost double the average for the past five years. Quality this year is only mediocre in the southern part of the pinto region. There is little indication of the size of the pink bean crop. Prices of all three of these varieties fell from the first of September to the middle of November. Since then, prices of pinks have tended to strengthen somewhat. The price of pintos at Chicago fell from \$6.25 per 100 pounds September 2 to \$3.75 November 21 compared with an annual average of \$6.30 in 1929-30. The Colorado farm price of \$2.45 on November 15 was the lowest recorded at least since 1916 and market prices have continued to decline. There has been an upward trend in annual consumption of pintos and the present crop should not be as burdensome as would be indicated by a comparison with the average of recent years.

Price of red kidneys has not shown a very close relation to the prices of other important varieties of red beans in recent years. There has probably been a big decrease in production of red kidneys in New York and Michigan. In spite of the smaller crop the New York price fell from \$12.88 September 2 to \$7.75 November 18 and then rose to \$9.63 by December 9. The present price is still somewhat below the average of \$10.24 for the year 1929-30.

The production of standard limas is probably not far from last year but the baby lima crop is increased. Prices of both standard and baby limas have fallen. Prices of standard limas at San Francisco declined from \$10.25 September 3 to \$6.78 the last week of November and baby limas declined from \$9.75 to \$4.78. New York prices however, have not fallen so drastically. Foreign competition with domestic lima beans comes almost entirely from Madagascar. The new crop there is reported to be short, only about 55 to 60 per cent of normal according to unofficial reports received by the Bureau of Foreign and Domestic Commerce. The reduction in Madagascar should help to strengthen prices of domestic limas.

HOGS

The seasonal increase in slaughter supplies of hogs during November was accompanied by a rapid decline in hog prices, and a new weekly low of $8.11 was made at Chicago during the third week of that month. Relatively light receipts and a stronger fresh pork trade resulted in a steady to a slightly advancing market for hogs up to December 9 but the top price at Chicago in the first week of December was still a dollar lower than in the corresponding week a year earlier. Last year the seasonal low point of $9.02 was made in late November. While the low point is usually made by the middle of December, the market continues to be sensitive to heavy offerings and slaughter during the next several weeks is expected to be relatively large. The present corn-hog price relationship is resulting in a more normal distribution of hog marketings than that indicated earlier in the fall, and consequently the anticipated bunching of marketings at this time has not occurred. Storage stocks of hog products are relatively low and unless consumer demand falls off materially the seasonal price rise in the late winter and spring may be greater than that of last winter.

Hog prices at Chicago in November averaged $8.55 as compared with $9.34 in October and $9.06 in November 1929. During October and early November the weekly averages were not greatly different from those in the corresponding period last year but the decline during the second and third weeks carried the average down to $8.11, which was the lowest since March, 1928, and 91 cents lower than the seasonal low point made the third week in November last year. The average of $8.18 during the first week in December was $1.01 below that in the corresponding week last year.

Wholesale prices of most cuts of fresh pork at New York dropped sharply during the third week in November to the lowest average in months but the rapid recovery which followed, carried the averages during the first week in December to levels considerably higher than those in the corresponding week of last year.

Following the declines of the first week in October, cured pork prices changed very little until the fourth week in November when there were slight reductions of a seasonal nature, amounting to 25 cents to $1.00 per 100 pounds on all cuts except dry salt backs and picnics. Prices for bacon and fat backs during the first week in December were somewhat higher than in the corresponding week in 1929. Those for picnics and the heavier hams were not greatly different during the two comparable weeks and prices for light hams were about a dollar lower than those of a year earlier.

Although storage stocks of pork increased considerably during November, which is a month when such stocks usually decrease, their relatively small volume continues to be a strengthening price factor in the hog market. Holdings of pork on December 1, amounting to 412,000,000 pounds, were the smallest for that date since 1926 and 16 per cent below those of December 1, 1929 and 4 per cent smaller than the five year December 1 average, but were 15 per cent larger than on November 1. Lard stocks were reduced 5,000,000 pounds during the month and the total of 31,000,000 pounds on December 1 was the smallest on record for that date. It was 54 per cent smaller than on December 1, 1929 and 41 per cent smaller than the five year December 1 average.

The relatively small export movement of pork and lard in September was still further reduced in October when foreign takings of these products were the smallest for any month since October 1917. The shipments were 44.6 per cent below those of October 1929 and 34 per cent below the 5-year average for the month. The total of 54,190,000 pounds was equivalent to only 9.4 per cent of the dressed weight of hogs slaughtered in October as compared with 15.0 per cent in that month last year and 13.9 per cent for a three year October average. As a result of large supplies of hogs in Europe and impaired foreign buying power because of the world-wide business depression, export demand for pork and lard considerably below that of the corresponding period a year earlier is in prospect for some months to come.

Federally inspected slaughter of hogs in November, amounting to 4,024,000 head, was 15.2 per cent larger than in October but 10.4 per cent smaller than in November 1929. A part of this reduction is more apparent than real, as there was one less slaughtering day in November this year than last. Slaughter at nine centers during the first two weeks in December was 19.7 per cent smaller than in the corresponding weeks last year.

The most noteworthy development in the hog market situation in recent weeks is the effect that continued low corn prices, in relation to hog prices, is having on the distribution of this winter's hog supply. Usually in years following a short corn crop there is an early heavy market movement of light hogs, often of poor finish. This year no such movement has developed in spite of the smallest corn production in 30 years. The run of hogs in November and early December has been relatively small, live weights have been but little different from those of last year, and the quality at most markets has been at least average for the season. This development indicates considerable change in the hog market outlook for the winter months from that indicated early in the fall, consequently the seasonal rise which usually gets under way during late December and in January may be retarded. The distribution of marketings and the seasonal trend of prices, however, will be affected more than usual by changes in the price of feed.

CATTLE

The average of beef steer prices at Chicago in November was higher than in October, that of most kinds of butcher cattle was lower and that of stocker and feeder cattle showed little change. After making a rather sharp advance during the first week of November the prices of the better grades of beef steers broke the following week and made little recovery during the third week. In the final week of the month, however, another sharp advance carried the average of good and choice beef steers to the highest point since last June and this advance was maintained during the first week in December. Butcher cattle prices broke at the same time as steers prices but made little recovery and closed the month near the lowest level of the year.

The supplies of cattle during November were exceptionally small. Receipts at 7 markets were the smallest for November in over 14 years, being 22 per cent below November 1929 and 31 per cent below the 5-year average; inspected slaughter was 18 per cent below November 1929, 28 per cent below the 5-year average and the smallest for November since 1913. Receipts at Chicago were the smallest in over 50 years, excepting November 1914 when the outbreak of foot and mouth disease cut down receipts temporarily.

This small supply of cattle was due largely to the falling off in shipments of cows and heifers. November is usually a clean-up month for such cattle both from the western grass area and from the dairy States. The shipments of western cows and heifers were very small in November this year as a result of the disinclination of growers to sell at the very low level of prices prevailing for grass cows during the month. The prices of such cattle in most producing areas for breeding purposes are higher than the amount they will net when shipped to market.

The total receipts of native beef steers at Chicago were about 11 per cent smaller than in November 1929, but the monthly supply of choice steers still continued to exceed a year earlier. Toward the end of the month, however, the weekly receipts of such kinds had declined until it was but little above the similar week of 1929, with the result that the prices of heavy steers made a sharp advance and most of the price differential against such cattle disappeared.

Market supplies of all kinds of cattle during the next few months will be small. While no sharp advance in prices is likely on any one kind a general strengthening of the level of all cattle prices is not improbable.

BUTTER

Butter production continues heavy, with the seasonal decline being less than average. This together with the lower demand for butter and the possibility of imports caused prices during November to decline instead of making the usual seasonal advance. The relation between the farm prices of grain and farm prices of dairy products continues favorable for the production of dairy products. Unless weather conditions are unfavorable production during the next few months promises to be large, and it does not seem probable that prices for the next five months (December to April inclusive) will average as high as a year ago.

The price of 92 score butter at New York declined from 38.6 cents during the first week of November to 34.2 cents during the last week. Prices recovered slightly during the first week of December but declined to a new low of 33.5 cents on December 9. The average price of 92 score during November of 36.1 cents was 3.9 cents less than in October and 6.6 cents less than a year ago. From October 15 to November 15 the farm price of butter declined 0.6 cents and the farm price of butterfat 1.7 cents, instead of making the usual seasonal advance. The farm price of butter in November of 37.7 cents was 6.7 cents less than a year ago.

Estimated production of creamery butter during October of 117.4 million pounds was 0.6 of a per cent less than the unusually large production of a year ago, but 9.9 per cent more than the 5-year average. September production was 2.6 per cent greater than the 5-year average while August production was less than average. Reports from cooperatives and trade associations indicate that production during November was about as large as last year.

On November 15 the index number of the farm price of dairy products (124) was 55 per cent greater than the index of the farm price of grain (80), and 5 per cent greater than the index of the farm price of meat animals (118). These relationships are more favorable for the production of dairy products than a year ago. During the fall of 1921, 1922 and 1923 the relation between the farm prices of dairy products and farm price of grains was much the same as this year. In each of these years production during the winter and early spring (December to April inclusive) exceeded the previous years production by more than 8 per cent. It seems probable that if weather continues favorable production during the five months December 1930 to April 1931 inclusive will be fully as large as last year and may be more.

Movement of butter into consumptive channels during October of 181.6 million pounds was 0.2 per cent more than in October 1929. The net movement of butter out-of-storage during November of 21.6 million pounds was 19 per cent less than last year and 30 per cent less than the 5-year average. The small out-of-storage movement was probably due to the relatively large production and to the decline in prices. Cold storage holdings on December 1 of 86.5 million pounds were 25 million pounds or 22 per cent less than last year, but 7 per cent more than the 5-year average.

If cold storage holdings of butter on May 1 are of average size, the net movement out-of-storage during the five months December to April would be about 75 million pounds. Production during the same five months will probably at least equal last years production of 540 million pounds. This would make the trade output of creamery butter probably not less than 615 million pounds. During the same five months period of the 1929-30 season trade output of creamery butter was 630 million pounds, and the average price of 92 score butter at New York 37.8 cents. Due to the possibility of approximately the same or larger trade output (during the five months December 1930 to April 1931) than last year and the lower purchasing power of consumers, it seems probable that prices during the period December to April will average less than last year.

Prices of New Zealand butter in London, continues low. In early December New Zealand butter in London was quoted at 22 to 23 cents or about 14 cents less than the price of 92 score butter in New York.

CHEESE

Production of cheese has been low but the movement of cheese into consumptive channels has also been low, and prices have made further declines. Storage stocks on December 1 were less than last year but larger than average. Should the relatively favorable ratios of prices of dairy products to the farm prices of grain continue, heavy milk production is in prospect for the next few months. Because of the low prices of other dairy products any advance in cheese prices would divert milk into cheese production which will tend to keep cheese prices from making any marked improvement in the next few months.

The ruling price of twins on the Wisconsin cheese exchange declined $1\frac{3}{8}$ cents during November. The average price for November of 16.0 cents was only slightly less than in October, but 4.7 cents less than in November 1929.

The estimated production of cheese in the United States during October of 28.2 million pounds was 20.3 per cent less than last year. Production for the first ten months of 1930 however was about 1 per cent less than last year. During the first seven months of 1930 cheese production was larger than in 1929, but following the drought production has been decidedly less than last year.

Receipts of American cheese at Wisconsin warehouses during the four weeks ended November 29, of 11.1 million pounds were 5 per cent less than for the same weeks of 1929, and 15 per cent less than the 5-year average. During the preceding four weeks receipts were 31 per cent less than the 5-year average. The seasonal decline in receipts was less than average, probably reflecting a relatively heavy flow of milk during November . During November cheese prices declined less than butter prices, this probably tended to stimulate cheese production.

Stocks of American cheese at Wisconsin primary markets during November were about the same as last year, but 23 per cent greater than the average for the five years 1925 to 1929. Cold storage holdings of American cheese on December 1 of 70.8 million pounds were 0.3 per cent less than last year but 7.6 per cent more than the 5-year average.

EGGS

With rapidly increasing current receipts, and with holdings of refrigerator eggs continuing large, the egg market for late November and early December broke under the heavy pressure to sell, and drastic price declines were recorded on all grades.

For the first part of November arrivals of fresh eggs at the four principal markets of New York, Chicago, Boston and Philadelphia, were relatively light, especially of the top grades, and with consumption good, prices showed the normal seasonal rise. Peak prices for the season on the New York market for Pacific Coast eggs were reached on November 10, with a top quotation of $58\frac{1}{2}$ cents for White Extras, $11\frac{1}{2}$ cents less than the peak for last fall registered in early December. With an increase in the receipts from the Pacific Coast States, together with more competition from arrivals from nearby areas, prices of Pacific Coast White Extras began to decline after the 10th and at the close of November were quoted at $47\frac{1}{2}$ cents, and on December 10, 34 cents, an unprecedented net decline of $24\frac{1}{2}$ cents from November 10 to December 10. During the same period a year ago, the net decline was 12 cents.

Receipts of Middle Western Mixed colors in November continued limited until after the middle of the month, with the top quotation of 50 cents for Fresh Gathered Extras being reached November 17-18. This was 13 cents less than the peak price for this grade last year as recorded on December 4. Beginning with the 20th, the supplies of Middle Western offerings were more liberal, and values started to drop, and at the close of the month Fresh Gathered Extras were quoted at 44 cents, and on December 10 at 31 cents, or 26 cents less than for the same date a year ago.

Receipts of eggs at the four principal markets in November amounted to 545,282 cases, an increase of 62,903 cases over the receipts for the same month of 1929. Part of the increase was due to a heavier egg lay, a reflection of not only the fairly favorable production conditions that have recently prevailed in the principal commercial production areas but also of this year's earlier pullet crop, and part to the heavier movement of refrigerators from interior points to the larger markets in the effort to find better outlets. Receipts for the first week in December were likewise heavy, equaling 165,997 cases as compared with 136,804 cases for the previous week and 100,679 cases for the same week last year.

The refrigerator egg market continued weak and unsettled throughout November and early December, with stocks heavy and values declining. Cold storage holdings of eggs on December 1 were reported as amounting to 4,150,000 cases, in comparison with 2,637,000 cases on December 1 a year ago, and a 5-year average of 3,226,000 cases. The net out-of-storage movement in November amounted to 2,635,000 cases as compared with a similar movement for the same period in 1929 of 2,297,000 cases. The heavy increase in the out-of-storage movement in November this year is attributable partly to a more liberal use of cold storage eggs for both direct consumption and manufacturing purposes, and in part to several relatively large export shipmdnts to European markets in the hope of finding more profitable markets.

In view of the evident trend of increased production in those areas where the principal commercial supplies are produced, and with large quantities of eggs still in storage that must be moved out between now and the close of the out-of-storage season around February 1, it is likely that the general egg market situation will continue weak and unsettled until after present storage supplies are exhausted.

POULTRY

The activity of the November poultry markets was devoted chiefly to turkeys for the Thanksgiving trade. Chickens were somewhat neglected, except those classes that could meet the requirements of the holiday trade. Many shippers anticipating the weakness of the late November market, refrained from making any substantial shipments until after Thanksgiving was over. In spite of this, supplies at the principal distributing markets were liberal throughout the entire month, with total receipts at New York, Chicago, Boston and Philadelphia, amounting to 65,870,831 pounds. Although these receipts were approximately 6,000,000 pounds less than the receipts for November, last year, they were, nevertheless, considerably in excess of the receipts for the same months in both 1928 and 1927. With the exception of broilers, which were in light supply and firm demand, the November market for poultry was slow, with the normal seasonal price declines for that month.

Following the Thanksgiving market, and with the report that dealers had cleared closely their turkey supplies, shipments of chickens began to arrive more liberally. For the first week in December arrivals at the four principal markets were approximately 2,000,000 pounds larger than for the same week last year. The depressing effects of the heavier arrivals, however,

has been offset to a very large extent by the increased activity of speculators, who are becoming interested in storing at current low prices because of the relatively light quantities of poultry that have been stored so far this season. Considerable quantities are also being sent to storage by receivers, who rather than disturb the market by pushing sales too vigorously, are storing on their own account.

Total cold storage holdings of poultry on December 1 amounted to 82,485,000 pounds, as compared with 115,876,000 on December 1, a year ago, and a 5-year average of 94,733,000 pounds. With the exception of 1928, poultry reported in storage on December 1, this year, was the smallest for that date since 1923.

Some encouragement is offered producers of winter broilers by the recent cold storage reports. According to the December 1 report, broilers in storage on that date were 9,294,000 pounds or 39 per cent less than on the same date last year. The market is also showing the effects of the smaller holdings, for during the last few weeks the prices for broilers have either been sustained or advanced slightly, whereas a year ago at the same time price declines were being recorded.

The turkey market for December is showing some indications of being stronger than the November market. Current receipts of turkeys at the principal markets are light, and are being closely cleared at prices higher than paid two weeks ago. Also, country packing plants in the Southwest report only nominal receipts, and to secure sufficient supplies to fill their orders for the Christmas trade they have had to raise their paying prices to producers 4 to 5 cents above their Thanksgiving level.

LAMBS

Except for a decline about the middle of the month which continued for only a few days lamb prices during November were fairly steady. The average price of slaughter lambs at Chicago for November was not greatly different from that of October and the cost of feeding lambs showed little change. During the latter part of the month the market showed some more evidence of underlying strength than it has exhibited for some months, prices reacting quickly to any temporary reduction in supplies. With a falling off in supplies at eastern markets, slaughterers in that area have had to go west for lambs and these increased shipping orders have helped to strengthen the market. Because of the decrease in feeding in the States which usually ship to eastern markets, supplies at these points will probably continue small for the next four or five months.

Total supplies of lambs in November continued liberal. Receipts at 7 leading markets were 7 per cent larger, while inspected slaughter was 15 per cent larger than in November 1929, and 22 per cent above the 5-year November average, and was the second largest for November on record. While the direct movement of feeding lambs in November was large for the month, especially into Colorado and western Nebraska the total fall movement into these areas was much smaller than last year and feeding will be on a reduced scale. On the other hand supplies of lambs on feed in the Corn

Belt and other areas that will ship during December and January are such that marketings from these areas during these two months will continue to be liberal and probably in excess of a year earlier. After February a rather sharp falling off in supplies is to be expected unless there is a very heavy late movement into western feeding areas or commercial feed yards.

WOOL

The domestic wool market was rather inactive during the last half of November and early December and further declines were reported in the prices of some grades. The Boston price for Ohio and similar grease strictly combing wool for the week ended December 6 was $29\frac{1}{2}$ cents per pound for 64s, 70s, 80s (fine) and $28\frac{1}{2}$ cents per pound for 56s (3/8 blood) both having declined 1 cent a pound since November 8. Prices at the opening of the sales in London on November 25 showed considerable declines compared with the close of the previous series on October 7. The declines at London further increased the margin between domestic and foreign prices, which margin has been comparatively high throughout the past year despite the domestic depression. A further material increase in the margin of domestic over foreign prices, if maintained, could be expected to bring in larger imports. It is doubtful however, that a much wider margin would be maintained.

Consumption of wool by United States manufacturers, although still considerably below normal showed an increase in October for the second consecutive month. This increase in consumption of combing and clothing wool for September and October 1930, was slightly greater than the increase in 1929 and, on a grease basis, was more than 400,000 pounds greater than the average seasonal increase in consumption for these two months. Total consumption for the first ten months of 1930, however, was approximately 19 per cent below consumption during the same period of 1929.

Imports of combing and clothing wool into the United States in November showed little increase over the low level of October. Imports into the 3 principal ports during November were only 1,705,000 pounds compared with 1,467,000 pounds in October and 5,194,000 pounds in November 1929. Total imports of combing and clothing wool into the United States from January 1 to November 30, 1930 were approximately 66,000,000 pounds compared with 98,000,000 pounds imported during the same months of 1929, a decrease of 33 per cent. Arrivals of domestic wool at Boston have shown a normal seasonal decline during the past few months but total arrivals for the first eleven months of 1930 were 21 per cent above those for 1929 and 18 per cent above 1928. Total arrivals from January 1 to November 30 amounted to 240,000,000 pounds in 1930 compared with 198,000,000 in 1929 and 203,000,000 in 1928. Stocks of foreign wool in bonded warehouses at Boston were further reduced during November.

Total wool production for the 1930-31 season in countries which normally produce a little more than three-fourths of the world's total, exclusive of Russia and China, is expected to be about 1 per cent above last year, but below the record production of 1928. Production in the five principal producing countries of the Southern Hemisphere is now estimated at 1,936,000,000 pounds or practically the same as a year ago and United States production is above that of last year. Disposals of new clip wool in Australia and the Union of South Africa have been fairly large at the prevailing low prices. In Australia, disposals of new clip wool from July 1 to November 1, 1930 were 19.5 million pounds above disposals for the same months of 1929 while shipments from the Union of South Africa from July 1 to November 9 were 42.9 million pounds compared with 51.9 million pounds last season. Last year, however, growers were disposed to hold their wool. In other countries of the Southern Hemisphere supplies of new clip wool are now arriving in good quantities and a considerable amount of business is being done. The willingness of Argentine growers to sell at low prices appears to be having an adverse effect on New Zealand trade, as was the case last year. Users of tops and yarns in Bradford have covered immediate requirements but appear to be hesitant about purchasing very much for future requirements.

The failure of business in general to improve following the improvement in the domestic cotton textile industry in September and October together with a dropping off in cotton exports has been depressing factors in the cotton price situation during the past month. The December forecast of the United States crop is 14,243,000 bales, 195,000 bales below the November forecast and approximately 585,000 bales below production last year. Exports of domestic cotton during the first four months this season were about 71,000 bales below exports during the same period last year. Exports of cotton piece goods from Great Britain during November decreased about 20.0 million square yards compared with October. Domestic consumption of raw cotton during November decreased about 30,000 bales compared with October due mostly to the smaller number of working days in November. Unfilled orders of standard cotton cloth during November decreased while stocks increased. The slightly more active conditions reported in the European cotton textile industry during October and November was largely of a seasonal character. Larger sales together with small stocks, however, is a favorable factor in the Central European mill situation. The demand for yarn and cloth in Great Britain is small and sales are below reduced production.

The price of middling 7/8 inch cotton in the ten markets has declined rather steadily during the past month. There was a net decline of 1.41 cents per pound from November 13 to December 13 with the average price on December 13 at 8.76 cents per pound, which was a new low for the season and was the lowest since August 1915. The monthly average for November was 10.09 cents per pound compared with 9.82 cents per pound during October and 16.75 cents for November last year. The average farm price received on November 15 was 9.6 cents per pound, 0.4 cents above October 15 and 6.3 cents below November 15, 1929.

The December forecast of the United States crop was 14,243,000 bales of 500 pounds gross. This was 195,000 bales below the November forecast and approximately 585,000 bales below production last year. This seasons production is equivalent to a yield of 150.8 pounds of lint per acre on the 45,218,000 acres left for harvest. This average yield is 4.3 pounds below the average for the 10-year period 1919-1928.

Exports of raw cotton during November amounted to about 908,000 running bales compared with 1,004,000 bales during October and 1,049,000 bales during November, 1929 according to the Bureau of the Census. Exports for the first four months this season totaled 3,181,000 bales against 3,252,000 bales during the same period last year. Early in the season exports were larger than last year. Exports for four months to France and Germany were above last season whereas exports to the United Kingdom, Italy and Japan were below this period last season.

Exports of cotton piece goods from Great Britain during November amounted to 130.3 million square yards compared with 150.3 million during October and 284.0 million during November 1929. This was the lowest for the season and was 15.3 million square yards below the low of 1921. Exports of piece goods for the first four months this season totaled 591.3 million square yards compared with 1108.6 million square yards during these four months last year or a decrease of 47 per cent.

Domestic consumption of raw cotton during November amounted to 414,000 running bales compared with 444,000 bales during October and 541,000 bales during November 1929 according to the Bureau of the Census. During the nine years 1920-21 to 1928-29 consumption during November averaged about 2,000 bales below October consumption. The daily rate of consumption during November, however, was about the same as during October. Consumption during the first four months this season was about 1,606,000 bales compared with 2,285,000 bales and 2,246,000 bales during the corresponding period last year and the year before. Stocks of raw cotton in domestic consuming establishments on November 30, 1930 totaled 1,567,000 bales against 1,655,000 bales on November 30, 1930. Stocks in public storage and compresses amounted to 8,398,000 bales at the end of November compared with 5,813,000 bales a year earlier.

During November sales of standard cotton cloth were below shipments and shipments were below production, which resulted in an increase in stocks and a decrease in unfilled orders. The weekly average production during November amounted to 51.7 million yards, 5.9 million yards above October and 17.4 million yards below November 1929, according to reports of the Association of Cotton Textile Merchants of New York. During the three previous years for which data are available the weekly average production during November has been on the average 2.1 million yards below October. Sales of cotton cloth during November averaged 45.8 million yards per week or 88.6 per cent of production and shipments were equivalent to 97.1 per cent of production. Stocks in-

creased 1.7 per cent during November while unfilled orders decreased 5.0 per cent.

Slightly more active conditions have developed in the European cotton textile industry during October and early November according to Agricultural Commissioner Steere at Berlin, but the movement though fairly general was of a seasonal character and entirely within the seasonal bounds. Only in France does cotton mill activity still continue good and a slightly downward tendency is evident there. The volume of business in yarns booked by spinners in October and early November was larger than in the previous month in practically all countries on the Continent. Weaving establishments also shared in the larger sales, but this revival in business was very largely seasonal in character. Part of it, however, may have been brought about by the rise in cotton prices about that time. As a result of the slightly better order situation and small stocks of goods a small rise in both spinning and weaving mill activity has recently occurred in Central Europe and Italy, though not more than a normal increase for this time of year. In Great Britain the situation has shown little change. The demand for yarn and cloth continues rather small and sales are generally below reduced output. Trade with the Orient continues very quiet. The mills in Japan are maintaining reduced production and yarn prices in October were about 20 per cent higher than in July. In spite of lower yarn prices in China the mills continue to run to capacity and some mills are adding additional spindles. Stocks of yarn are not becoming excessive, however.

World Dry Bean Situation, Cont'd

Dry Beans: Price of Specified Domestic Varieties in the United States, Sept. 1923-Oct. 1930